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## Governing the Economy in the Face of International Challenge: From National Developmentalism to National Crisis

*Alain Lipietz*

A nation is a soul, a spiritual principle. . . . It presupposes a past but is constituted in the present by one tangible fact, consent, a clearly enunciated wish to continue life together. The existence of a nation is a plebiscite which recurs every day. . . .

—Ernest Renan

April 24, 1988. After the first round of the presidential election France was divided into two, as usual. From another angle, however, it was cut into three as well. On the Left the Socialist candidate had 34 percent. On the Right were two moderate candidates, one with 20, the other with 16 percent. The two blocs were fighting over the center in the almost total absence of a mobilizing project, with the possible exceptions of technological change and Europe. The third part, divided between the two extremes of the political spectrum, announced its refusal of this soulless consensus. The Left of this part was fragmented, with a Communist Party desperately defending old *acquis sociaux* and reduced to 7 percent and, at about the same level but divided, the alternative and ecologist forces. The frightening surprise came from the extreme Right—14.5 percent of the vote went to Le Pen and his party of fear, exclusion, racial hatred, and irrational fantasy. A quarter-century after Gaullist stabilization, the end of colonial warfare, and the great outburst of enthusiasm about modernization, a French political world that everyone thought had “grown up” to transcend great “ideological” debates had come apart to expose an acute new national identity crisis.

Some observers would respond by claiming that on the “big issues” like defense, institutions, and the role of the state, the disagreements that had divided Right from Left in the 1965 presidential elections, had disappeared. My hypothesis, in contrast, is that the bedrock of national consensus constituted by the “plebiscite of daily life” had never been stronger than in this earlier epoch, when powerful Left forces struggled against the forms and rhythms of growth managed by the Gaullists. Today’s ideological silence, interrupted—and so energetically!—by racist clamor and “law and order” demagoguery, does not demonstrate

positive consent. On the contrary, it reveals an absence of common consensus on the fundamental values against which one might measure secondary disagreements. "The old is dying while the new has yet to appear . . . a dusky dawn when morbid symptoms will appear," as Antonio Gramsci noted.

It is impossible to do complete justice here to such a profound crisis. Instead, I would like to propose certain methodological tools and then illustrate them qualitatively as a way of exploring domestic and international state-economy relations over recent decades. Thus, I would like first of all to introduce a set of concepts derived from what has been called the "French regulation school."<sup>1</sup> In the two parts that follow, I will show, once again qualitatively, how these concepts can enlighten us about the transition from a regime of a relative consensus to a multidimensional crisis. More precisely, I will explore "the old that has died"—and that had dominated the *trente glorieuses*—and the causes and processes leading to crisis. The fourth and final part will review the efforts—really, the successive failures—to transcend this crisis that have created the present situation.

### I. Tools for Studying State-Economy Relations

Questions about "state-society" or "state-economy" relations cannot be answered in the same ways for every type of society. At the very least it is necessary that, in the society in question, the economic sphere of "civil society" should be already autonomized, independent from the other social relationships of power, endowed with external boundaries and related to social relationships of power that are explicitly designated as political (the formation of norms and laws, the "monopoly of legitimate violence," etc.). This is certainly true for capitalist market economies, where organization of production is predominantly delegated to firms that hire wage-earners and sell commodities. For France in 1962 one must also add to the picture a still large sector of small-commodity production in agriculture, commerce, and the crafts.<sup>2</sup>

Even in this case the distinction between the economic and the political is not completely clear, however. Mediation between commercial interests, capitalists, and wage-workers seems to occur through money. But property rights over wealth and even the existence of money itself presuppose institutionalized political compromises. Moreover, firms themselves are the locus of struggles that are microsocial forms of politics—struggles over working conditions and wages that are politically constrained from outside the realm of the economy. There is thus a "political sphere" that extends beyond the state apparatus strictly defined.

The reproduction of a capitalist merchant economy articulated to a sector of small-commodity production does not occur automatically. Conditions for production and income distribution change over time, as do alternative preferences concerning the social use of what is produced. However, it is important to recognize that for prolonged periods these processes seem to be compatible and that, as a result, accumulation and economic growth do not suffer major crises.

This kind of congruent compatibility among production norms, distribution, and social utilization can be called an *accumulation regime*. Any such regime is itself constructed upon general principles of work organization and technology use that we propose to call a *technological paradigm*.

An accumulation regime involves observable macroeconomic regularities that guide economic actors. The behaviors of agents would nonetheless still be threatened by radical uncertainty about future coherence, other things remaining equal. There is thus a need for predictable intervention by regulatory mechanisms. A *mode of regulation* thus includes the implicit or explicit norms, institutions, compensatory mechanisms, and methods for circulating information that serve as the permanent mechanisms adapting individual behavior and anticipation to the broader logic of the accumulation regime, mechanisms that work, in particular, on wage formation, modes of competition between firms, and methods for creating money and credit. A mode of regulation serves practically as a "map" to guide individual agents so that the deeper preconditions for balanced accumulation and reproduction can persist.

The creation and consolidation of a mode of regulation depends on the political sphere. Neither the market nor the wage relationship can on its own create and enforce respect for money, property rights, or security in social life. Such matters lead us into a realm of sociopolitical struggles and "truces," into a realm of *institutionalized compromises*, the equivalent in the political sphere of what competition, workplace conflicts, and the accumulation regime are in the economic. Social groups do not engage in endless struggle. Whatever the magnitude of conflict among interests, and however great inequality may be, over long periods these groups constitute a nation within which power relations persist without major confrontation, implying a stable system of domination, alliances, and compromises among social groups—a *social bloc*. Such a social bloc is *hegemonic* when it can gain legitimacy for arrangements that work in its favor as being also in the interest of the nation as a whole. Renan's "plebiscite" can in this way be tacitly repeated every day.

Within a social bloc the positions held by different groups are unequal.<sup>3</sup> Dominant groups can achieve their own fundamental interests and impose their own conceptions of socioeconomic development. Their allies, even those without a primary role in domination, can also achieve some basic goals through the hegemony of the bloc as a whole. "Relay" groups, which may occupy quite subordinate positions, may play essential roles in demonstrating the felicitous nature of the bloc's global compromise in their lives or through the authority delegated to them, in particular in the management of the most-dominated groups (whose interests are, in fact, satisfied the least, but who nonetheless must be sufficiently taken into consideration to produce the consent needed to avoid a day-to-day resort to brute force). All of this comes down to the fact that, in a hegemonic bloc, that part of a nation whose interests are not taken into consideration at all must be very small.

There is a certain triangular coherence between the "hegemonic bloc," "accu-

mulation regime," and "mode of regulation." The basis for reproducing the hegemonic bloc is the existence of an accumulation regime that can satisfy social needs and the demands of different bloc components—including dominated groups. In its turn, the mode of regulation—upon which the existence of an accumulation regime depends—is nothing more than an ensemble of *habitus*<sup>4</sup> and institutionalized compromises struck during the processes constituting the bloc, one that can persist only to the degree to which the bloc itself supports it. It is also quite important to know how legitimate "interests" come to be defined. What principles of justice are invoked by the different groups engaged in struggle within the bloc? Here it is necessary to invoke a "universe of political discourses and representations" in which individuals and groups recognize themselves and express their identities, interests, and divergences.<sup>5</sup> Indeed, the very existence of a hegemonic bloc will depend upon the creation and consolidation of this "universe." The mode of structuring legitimate identities within the universe of political discourses is the "societal paradigm." When a paradigm is hegemonic, the vast majority of individuals see themselves as active, engaged members of a society who can anticipate specific advantages from such membership and are willing to assume duties and responsibilities toward it such that, even if in conflictual ways, the hegemonic bloc can reproduce itself.<sup>6</sup>

This particular approach is different from the various reductionist traditions, Marxist and/or individualist, that endow agents with interests defined by the "universal laws" of mercantile wage-based economies and that, once the balance of power determined by the initial distribution of property is taken into consideration, are reconciled through a more or less unequal equilibrium of power and wealth. A capitalist economy will not always work in the same way. It can articulate itself to another form of production, for example. The ways in which agents enter economic relationships and behave depend upon a mode of regulation that varies over time and from country to country. Moreover, political equilibria, the explicit or implicit compromises that allow forms of regulation to persist, themselves emanate from a hegemonic bloc that in its turn is the product of specific historical evolution. Finally, the way in which individuals and groups conceive of their identities and interests inside a societal paradigm bloc are cultural inventions that are simultaneously produced by, and the battlefield of, ideological struggles.

Thus the mutual accommodation of each of our four elements—which we might label a "model of socio-economic development"—is a quasi-miracle. Once it occurs, this accommodation tends to consolidate itself, allowing us to speak of it as an "ex-post functionalism." But it may also be undermined by specific internal contradictions and/or by what was excluded by, or develops external to, the model, i.e., what it ignored or rejected as it consolidated itself. We can therefore hypothesize the incidence of two types of social conflict. There will first be struggle about issues of equity, and about the empirical reality of the distribution of advantages internal to the same paradigm that the hegemonic bloc

is supposed to guarantee within the accumulation regime. This type of struggle, directed against "infringements"—"anomalies" or "backwardnesses"—within the legitimate realm, will seek fuller implementation of distributive justice or the improvement of regulatory mechanisms. The second type targets the hegemonic paradigm itself in the name of another paradigm altogether involving other interests and another conceptualization of social life, past or future, implying another accumulation regime, different forms of regulation, and the constitution of a very different social bloc. Thus the intensity of open conflict—strike days or electoral militancy, for example—may not in itself be an index of the weakness or basic consensus: such struggles could be of the first kind. Conversely, apparent consensus between political forces in a situation where not much mobilization occurs may indicate the absence of any sense at all of what is just or of what one might mobilize about. And because society hates a vacuum, we see the coming of monsters—"morbid symptoms," in Gramsci's words.

What about the state in this? If by "state" we mean "the apparatus that society gives itself to prevent social groups from destroying one another in endless struggle,"<sup>7</sup> one can easily see that the state is an actor in the accumulation regime through taxation, productive activity, expenditures, a direct force of economic regulation, and, more broadly, the guarantee of certain regulatory forms. It is also a locus for the "condensation" and management of the social compromises that constitute a hegemonic bloc, ultimately in coercive, if "legitimate" ways, and the place where the universe of political discourse, as defined by the hegemonic social paradigm, is expressed.

Such are the "functions"—*cum grano salis*—of the state vis-à-vis a national society, what Delorme and André call the "internal state."<sup>8</sup> This state can be more or less "circumscribed" or "inserted" in relationship to the economic sphere. Even in the case of a capitalist state, which is maximally circumscribed by the economic, as in idealized representations of British capitalism in the nineteenth century, at the very least the state retains the tasks of insuring the reproduction of a stable currency and property relationships—the "functions of public order"—to which one should add the activities needed to ensure the reproduction of the general material conditions for capitalist production: infrastructures and so on. In the dominant postwar model of development, in contrast, the state was particularly "inserted." But the state has yet another "function," since it is charged with managing interactional conditions between the national society and other nations. National defense is the most obvious dimension of this "external" state, but the international economic dimension has acquired more and more predominance over internal regulatory activity in the recent period.

## II. Fordism à la française<sup>9</sup>

Imperial France ended for good in 1962. Attention then focused on the Hexagon and its international setting. Some basic choices had nonetheless already been

made. Like the rest of the advanced capitalist world, France had embraced a Fordist developmental model and opted for the construction of Europe. We will first consider the major characteristics of Fordism as an accumulation regime, and then evaluate its French specificities, an approach that allows us to raise the issue of international challenges for the first time. Next we will review the configuration of France's hegemonic bloc and societal paradigm in these years in order to outline the disequilibrated and voluntaristic character of the "French miracle."

### 1. The Fordist Model

Fordism was the accumulation regime that emerged after the Second World War in answer to contradictions raised by revolutions in the "technological paradigm" of the first half of the twentieth century. Taylorism and mechanization had intervened at the level of the forms of production, primarily in industry but in agriculture as well. Taylorist principles separated "intellectual" tasks—research and development, engineering, the scientific organization of production—as much as possible from "manual" labor, which increasingly became the de-skilled execution of pre-set tasks. Fordism added a technologized design of work itself that incorporated collective knowledge. It created a dichotomy between the "methods office" and the "assembly line." The very rapid gains in productivity that followed posed the issue of effective demand in acute forms. The Fordist accumulation regime thus featured rapid rises in per capita investment and consumption, which allowed the system to offset the productivity gains created by this technological paradigm in what might be called "intensive accumulation centered on mass consumption."

In terms of the mode of regulation, Fordism needed to stabilize the wage relationship so that productivity gains would be shared between capital and labor; Fordism also needed income predictability. Structures for collective bargaining, the welfare state, and social legislation were thus devised. Fordism next needed specific relationships between firms and banks—in particular those that facilitated the institution of "administered prices"—that would allow firms to undertake a continuing transformation of the technological apparatus without perverse consequences. It also needed a specific form of monetary creation—credit emitted by banks under the control of a Central Bank—which closely followed the economy's evolution. Finally, it demanded a massive increase of the state's regulatory role in the economy, principally through management of wage relationships, monetary emission, and, only secondarily, a discretionary budgetary policy. Other classical components of the interventionist state—planning, industrial policy, policies shaping the development of agricultural structures, trade protection—grew in importance. The reader will recognize in this catalogue of state missions and

capacities to influence economic circumstances in order to guarantee mechanisms of Fordist regulation that which is currently—and incorrectly—labeled "Keynesianism."

### 2. The Specificities of French Fordism

French Fordism was initially distinguished by its imported nature and voluntarism. The *grands commis*—high civil servants—who came out of the Resistance, and the American Marshall Plan advisers who came slightly later, inherited a France and, more important, a hegemonic bloc that had been defeated. Profoundly marked by the Commune of 1871, the Third Republic bloc had made industrial growth a secondary priority, had limited the state's economic role—except to protect corporatism and run the customs system—and had excluded the working class from progress. It had been a "bloc of possessors"—industrialists-merchants-peasants and savers—that sought above all to defend property rather than to promote free enterprise. Its hopes were for some kind of quasi-Malthusian "social tranquility." Modernization efforts after 1944 thus came almost exclusively from high civil servants who were supported by those social forces, principally wage-workers, that had been pushed aside until the defeat of 1940.<sup>10</sup>

The dominant technological paradigm of the Third Republic was premised on the knowledge possessed by skilled workers, peasants, and craftsmen. The accumulation regime was primarily, if moderately, extensive. The internal mode of regulation was primarily competition, but there were numerous protected sectors—peasant agriculture in particular. Thanks to trade protection, the Meline laws from the beginning of the twentieth century allowed reproduction of a low-productivity peasantry, which as late as 1945 constituted forty-five percent of the active population. The societal paradigm was built on the identity of the "small property-owner-producer-citizen-soldier." Even the working class—including the Communist Party where it had a rural base—defended a Proudhonian ideal of "small property" and the dignity involved in being independent, *à son compte*.<sup>11</sup> There was opposition to *les grands*, but it was essentially a hostility to those whose success had not come from their own efforts.

Forces emerging from the Resistance saw this model as the basic cause of the defeat. A decisive break with it was necessary for progress to be possible, including technical progress, of course, which even the PCF equated with rationalization, Taylorism, and mechanization.<sup>12</sup> Social progress was equated with enough growth in popular purchasing power to guarantee full employment via demand expansion. Progress in the realm of the state involved guaranteeing collective interests against the ravages of uncontrolled individual competition. The three ingredients of the Fordist economic model—its technological paradigm, accumulation regime, and mode of regulation—were thus accepted as the founda-

tion of a progressive compromise by the Left itself.<sup>13</sup> All that remained, to cite the general secretary of the Parti Communiste Française (PCF), Maurice Thorez, was to “roll up our sleeves.” But even this would be insufficient to the task without a hegemonic social bloc and a stabilized societal paradigm.

The problem was the elites. Regrouped primarily in the Centre National des Indépendants et Paysans (the party of non-resisters) and in the Mouvement Républicain Populaire (the MRP, which was led by Christian Democratic resisters and officially supported General de Gaulle), they used all the power of inertia to block the coming of the new mode of regulation.<sup>14</sup> Nonetheless, that which counted—collective bargaining, the minimum wage, social security—had by 1946 been put into place by a “developmentalist” bloc of salaried groups and modernizing state technocrats.

To provide a motor for building the new model, the state was thus substituted for propertied elites, endowing the French mode of regulation with its specificities. In the realm of wage regulation, first of all, a centralized system developed that, rather than emerging firm by firm through a “diffusion of victories” like American “connected bargaining,” was consolidated through legislation and administrative action.<sup>15</sup> The 1945 social security system was built in similar ways: if it emerged as an agreement between “social partners,” it was managed, in fact, by the state (especially after 1964). Prices were “administered” as much by the state as by firms. The decentralization of credit creation did not occur until after 1967 and even then was regulated by the state through the nationalized banks. Most important, the state intervened energetically in building the productive apparatus itself through subsidies, nationalization, and planning, by 1967 producing a relatively full-fledged Fordist system. After 1967, planning began to fade, but very powerful state administrations or nationalized firms (the Direction Générale des Télécommunications, Direction des Armements, Commissariat à l’Energie Atomique, Electricité de France, Société National des Chemins de Fer [SNCF], and the like) perpetuated a “state entrepreneurialism” that controlled research and industrial development in high-technology sectors.

The consequences of this voluntarism were miraculous. An accelerated transition to Fordism occurred, one that lasted until 1968, rather longer than the consolidation of a conventional Fordist regime.<sup>16</sup> Formidable industrial and agricultural accumulation allowed France to equip consumer industries and the housing sector, and to establish conditions for an urban “American Way of Life” at the cost of an extraordinary dismantling of earlier spatial arrangements. Agriculture, pushed ahead by a “tractor revolution,” found itself newly supervised through its integration into the food-processing industries. The number of peasants in the rural population had dropped to ten percent by 1968 because of an exodus from the land accompanied by an incredible housing construction effort and by movement of industrial and tertiary employers into the countryside.<sup>17</sup> Small independent urban workers were rather brutally pushed aside by salaried middle-strata workers either directly or through

intergenerational change. Superimposed on the specific problems of Fordist regulation, therefore, were issues of articulating small-commodity production to capitalism.

What about France’s international insertion? Paradoxically, the major “developmentalist” gamble constrained the sovereignty of the external state. Entrance into the EEC—of which Pierre Mendès-France, standardbearer of Fourth Republic developmentalism, disapproved and which de Gaulle initially opposed, along with the Communists and the old elites of the Centre National des Indépendants et Paysans (CNIP)—was imposed by the MRP and Socialists in 1957. Political considerations—Atlanticism in particular—played a role in the decision, but there was also a desire to disrupt resistance to modernization by “burning bridges” to any return to Third Republic-style Malthusian protectionism. At the core of this was confidence that statist voluntarism would be successful enough at adapting France’s productive apparatus to allow it to compete internationally. The EEC was also relied upon—here the external state became partially *communautaire* turned back upon the internal state—to minimize the upheaval of agricultural revolution. General de Gaulle was finally won over to this outlook at the end of the 1960s.

The whole package deserves closer examination, however. French Fordism remained marked by the country’s underdevelopment as of 1945. Fordism implied a strong engineering and machine-tool sector with a high percentage of skilled workers. Rather than moving in this direction, the French *patronat* continued to rely upon what seemed to be an inexhaustible reserve of unskilled labor flowing from the decline of rural population, the massive entry of women into the labor force, and immigration. It thus specialized in a kind of “bargain basement” Fordism for final assembly work that, when necessary, involved buying equipment from foreign producers. The unsophisticated system of industrial relations that resulted had its counterpart in the realm of inter-industrial relations where big firms tended to deal contemptuously with smaller, specialized subcontractors, often with the primary goal of keeping prices as low as possible. In other areas, as we will see, the integration of the traditional middle classes into the salaried workforce came at the cost of an overblown tertiary sector with strong inflationary implications.

Despite such weaknesses, French Fordism reached the 1970s in a favorable position in the international market, for two reasons. The state acted directly as a “traveling salesman” for French high-tech production tied to public purchasing. And regular currency devaluations were used to wipe out inflation differences with international competitors in those areas of low-priced industrial production where competitiveness depended upon cheap labor. Everything went well until 1973, however, because all EEC countries were following similar trajectories of rapid Fordist growth, creating a relatively unconstraining environment. This was even truer because countries retained important aspects of sovereignty, guarding the leverage needed to adjust exchange rates and to engage in an administrative

protectionism through the judicious manipulation of norms and standards and via the imposition of national preferences in public purchasing.

### 3. *The Unstable Hegemony of Developmentalism*

Given the economic base, a hegemonic bloc appropriate to Fordism must be constructed around a productivist compromise between entrepreneurs and wage-earners, with engineers and technicians acting as important intermediary groups. The most plausible societal paradigm is that of a "salary-earning society"<sup>18</sup> in which guaranteed social protection and full employment are granted in exchange for accepting the hierarchy of technical competencies. This is what existed in Northern European countries, where social democracy had promoted a precocious institutionalization of Fordism. And this is precisely what Jean Monnet, Etienne Hirsch, and Pierre Massé—the *grand commis* technocrats of "the Plan" who developed the theory of "distributing the fruits of growth"—actually proposed. It was also a profound aspiration of both manual and "intellectual" salaried groups. In the 1950s, however, no majority existed for such a bloc. The *patronat*, peasantry, and independent urban producers, all loyal to the conservative "owner-producer" paradigm, rejected Fordism and its trade-union victories and social security. The instability of the Fourth Republic followed, as did the failures of the Mendès-France and Félix Gaillards.

The Algiers putsch in 1958 was a miraculous ruse of history. It brought to power a general steeped in the culture of an earlier era who would nevertheless lead France with an iron hand through decolonization and toward Fordist modernization. De Gaulle's simple strategy was to create a majority in the name of the old paradigm and to promote exactly the opposite of what this majority desired economically, while simultaneously disarming wage-earner opposition through achieving the things the Left parties desired, growth in production and mass consumption orchestrated by the state. The theme of *grandeur* allowed the marketing of one product under the pretense that it was another. The Fordist bloc that emerged was thus rather wobbly. Its principal social base was in the trade-union and parliamentary opposition. Its directive core, high-state technocrats, used this opposition's mobilization to promote policies that ran against both the shorter-run interests of the dominant classes and the electoral base of the ruling party. This very party then progressively integrated centrist opposition into its ranks, groups like Giscard's Independent Republicans (a split-off from the CNIP).

Such an implausible political strategy would have been unworkable without institutionalizing appropriate modes of regulation and without some debasing of the Fordist societal paradigm. The story of the workers provides a first illustration of this, involving their paradoxical commitment to a paradigm while they simultaneously struggled against those who were trying to make this same paradigm viable. Strongly committed to the ideological lead given by the Communists, the

working class experienced its opposition to the Gaullist regime as a campaign against out-of-date private interests subordinated to American imperialist interests that were selling out the growth of productive forces and refusing to enlarge social benefits. The Gaullists responded by giving a nationalist, productivist, and statist twist to growth, one that often put the Communist leadership and the modernizing Left in embarrassing positions.

A second illustration is the *cadre's* saga, that of a social group that was able to build its own identity while participating in the larger movement toward the creation of a hegemonic bloc. "Dominated agents" of capitalist domination in the Fordist model, engineers and technicians, were the mediating group par excellence in a Fordist hegemonic bloc, the group that might identify itself with the liberal professions either as independent workers "collaborating" with management—their identity in the older paradigm—or as agents possessing delegated patronal authority. Luc Boltanski has shown how complicated cultural and institutional interactions touching the autonomy of pension systems and taxation led them toward a new self-definition as Fordist employees while they continued to demand an identity as liberal professionals and possessors of cultural capital.<sup>19</sup> The Gaullists encouraged the "meritocratic" dimension of this over its capitalist patrimonial side. The catchall category of *cadre* thus flowered, absorbing an important part of an older petit-bourgeois heritage while making successful claims to high status and income.<sup>20</sup> With all of the inflationary consequences that this brought, *cadre* became the vanguard of Fordist consumerism and, simultaneously, a high-priestly caste advocating the "scientific" legitimacy of both the hegemonic bloc and the technological paradigm. And this all happened with the warm approval of the Communists and with that of the bulk of modernist political sociology.

Our third story concerns the peasantry, which moved from one hegemonic bloc into another without changing its basic position. Small agricultural producers had a choice among three conceivable self-understandings—small owners, small entrepreneurs, or workers. In the old order the peasant saw himself as an owner opposed to the *partageux*. In the new Fordist order, confronted with new imperatives to equip themselves, go into debt, and integrate contractually into agribusinesses, peasants might have reconceptualized themselves as "quasi-wage-earners." But cultural activists in the agricultural revolution, in particular the *Jeunesse Agricole Catholique*, were able to persuade them that they were "small, dynamic entrepreneurs." The state then stepped in. Huge cooperatives like *Crédit Agricole*, the largest bank in the world, helped them to sustain this vision. It was nonetheless essential to guarantee peasant incomes and debt payments, so the Gaullist state then prevailed upon the EEC to set up a vast system of agricultural price supports (rather than direct income subsidies). The management of this enormous regulatory apparatus tying small agricultural production to capitalism was delegated to the peasant organizations themselves. The consequence was a corporatistically organized peasantry right in the middle of Fordism,<sup>21</sup> one that

was able to extract guaranteed-income parity from the rest of society. Ministers of agriculture, acting as the delegates of the French peasantry and often using the sometimes-violent peasant mobilizations to achieve their purposes, extracted subsidies from Brussels in support of this.

The Gaullist state thus built Fordism by keeping the social groups that ordinarily would have been its natural base out of power, and by supporting itself politically on social groups integrated into Fordism in corporatistic ways. French Fordist consensus thus was a product of corporatistic demands arbitrated by a technocratic state whose autonomy above civil society seemed maximal, a "quasi-Bonapartism."

### III. Fissures

The first cracks in this complicated edifice came from the events of May 1968, which, beyond their economic effects, also constituted a crisis of culture, hegemony, and paradigms. Five years later, the face and "map" of France had changed. Among other things, the society had matured in the direction of social democracy. Ironically, the economic crisis of the 1970s, which came next, made this social-democratic option quite impossible, at least in any of its traditional forms.

#### 1. The Triple Crisis of May 1968

The Debré-Giscard stabilization plan (1963) to moderate the disequilibria created by the Algerian War—which had been financed on credit—ended in a "Keynesian gap" (i.e., it did not provide enough demand stimulation) and consequent underemployment caused by working-class underconsumption. The 1968 strikes—the largest in history—liquidated a long backlog of demands and, by facilitating an upward surge in wages, propelled workers once and for all into a consumer society. The 1968 events were thus first of all a crisis *within* Fordist regulation.

The year 1968 was also a crisis of transition to Fordist regulation. The informal Grenelle agreements (May 27) crystallized a modern form of wage relationship, creating the SMIC and consecrating firm-level union rights in *Sections Syndicales d'Entreprise*. In broader terms, however, the mass revolt of the educationally credentialed *petite bourgeoisie* demonstrated the need to conclude an incomplete paradigmatic revolution: it was time to get rid of the archaic moral order imposed by Gaullism, to banish rural values, and to break with a quasi-Bonapartist state. Here the insufficient development of social democracy was paralleled by material difficulties. The university had always functioned as an apparatus to promote the traditional *petite bourgeoisie* into the liberal professions or the teaching corps.<sup>22</sup>

The mass university's new function of converting a propertied *petite bourgeoisie* into an intellectual one transformed it into a factory producing devalued degrees, causing untold student bitterness.

But protest against the exaggerated statism of French Fordism created space for an even more radical revolt, one that contested the very existence of the role of state and hierarchy in Fordism, even in its social democratic formulations. An irremediable divorce was thus consummated between the young and political forces of the Left that dreamed of—and actually succeeded in imposing in 1968—a more classical Fordism. In similar ways a number of strikes called the Fordist order in factories into question.

The years after May 1968 were thus paradoxical. Gaullist, then Pompidolian and Giscardian, ministers devoted themselves to applying the finishing touches to a truly Fordist and social-democratized institutional structure. The Right's electoral base continued to resist such things, demonstrating the existence of what Chaban-Delmas called a *société bloquée*. The "new society" of which the Right dreamed was proposed, from rather more legitimate sources, by the 1972 Left Common Program. Finally, at the "social base"—in the working class, tertiary sectors, and among youth—there developed a combination of a longing for Fordism's material benefits and an individualistic rejection of its excessive statism. All of this would have led to a Left victory in 1973 or, at the latest, 1974, but for the weight of the PCF, which allowed the Right to squeeze out a victory in 1974. The PCF's defection from the Left alliance in 1978 facilitated another narrow Right victory. The Left did not come to power, then, until 1981, when François Mitterrand proclaimed that "the sociological majority has finally become the political majority." It was nonetheless, economically and ideologically, too late. Fordism had entered crisis, both in France and internationally.

#### 2. The Crisis of Fordism<sup>23</sup>

Fordism's technological paradigm ran out of steam first. Productivity growth began to decline despite ever-rising levels of per capita investment. The declining profitability that resulted led, in time, to a slowdown in accumulation itself. The need to absorb an abrupt rise in oil prices after 1974 aggravated the problems. Unemployment grew, but the safety net of the welfare state—unemployment insurance in particular—prevented cumulative depression. The welfare state itself was financed by the productive system, however, which meant that profitability was eventually touched, leading, as the 1970s went on, from growth to stagflation.

In the meantime, the accelerated internationalization in production and markets continued, spreading from advanced areas to the Third World. The integration that occurred clashed with the national character of regulation, in the EEC in particular. To ensure favorable commercial balances and high levels of profitability, especially in the second half of the 1970s, governments and business elites

tried to squeeze down wages and the internal market. This policy of "beggar thy neighbor" culminated after 1979 in the victory of monetarism over Keynesianism that marked the end of Fordism's "Golden Age."

Converted to the Fordist paradigm along with the bulk of employers and editorial writers, Giscard d'Estaing and his prime minister Jacques Chirac responded to the 1974 oil shock as good Keynesians, attempting to stabilize effective demand and to avoid too abrupt a transfer of national income from profit to wages and oil rent. The unemployment insurance fund was shored up. Purchasing power grew, if more slowly than it had before. Efforts to maintain trade balances were pursued through devaluations and *grands contrats*, usually with state-subsidized engineering exports. At this point policy came out of an ignorance of the fact that the crisis originated from the supply side—a crisis of the industrial paradigm—and that internationalization would make it impossible to regenerate growth through Keynesian demand stimulation. The replacement of Chirac by Raymond Barre in 1976 was a declaration of failure.

#### IV. Improvizations and Failures<sup>24</sup>

Raymond Barre was undoubtedly the first to confront crisis by abandoning the Fordist paradigm, after 1978 in particular. After an attempt to "restore" Fordism after 1981, the Socialists in their turn retreated to a liberalism that the Right, after 1986, would attempt to consecrate in sterile dogmatism.

##### 1. Barre: The Initial Liberal Offense

By freezing wages and liberating prices it was possible—at the cost of rising inflation—to stop the rise in purchasing power and permit a stabilization of investment while accelerating unemployment growth. In fact, this policy sketched out a new paradigm in which full employment would cease to be the goal. Henceforth, employment policy became an accounting balance. The ambition of achieving "equilibrated national growth" on French territory, the bottom line for the developmentalists, was abandoned. Firms were encouraged to reestablish profit margins without regard for national social consequences in order to stop the drop of profits in Gross Domestic Product, but in ways that led to increasing use of "anomic" employment patterns such as part-time and temporary work. Above all, the earlier logic behind France's international insertion was dropped. The "teeth" behind this were provided by the adoption of a policy of a "strong franc" tied to the Deutschmark in the European Monetary System. The *territorial* competitiveness of French firms was largely undercut, but possibilities for foreign investment were enhanced. The overall guiding concept was to place and maintain France in specific international market niches.

Declining research and development in technology plus the lack of a "postfordist" policy for restructuring the productive apparatus—in contrast to the situation in Japan, Germany, and Italy—quickly blocked development in the few medium-term competitive niches that France possessed, as later became clear. New policy approaches in industrial relations were nonetheless encouraged in documents like the Sudreau Report, but with few results. When Raymond Barre left power in May 1981, the franc was overvalued by twenty percent (at the 1977 parity of French buying power with the Deutschmark), unemployment was rapidly rising, France had a huge trade deficit, and it was well on the way to deindustrialization.

##### 2. Mauroy I: The End of the Fordist Paradigm

The signatories of the 1972 Left Common Program came to power in 1981 carrying all their developmentalist baggage. They believed that it was essential to put the finishing touches on French Fordism by Keynesian demand stimulation and a structurally targeted industrial policy to reinforce national competitiveness. The election of Mitterrand to the presidency and a huge Left victory in the June 1981 legislative elections, giving the PS by itself a majority, seemed to give the Left virtually all levels of power. The PCF was brought into the new government for obvious sociopolitical reasons, but it was not a determining factor in 1981–82 policy choices. The Socialists were in the driver's seat.

The history of the Left's failure can be divided into three phases—the first year (through July 1982), when the stabilization plan and price controls were announced; from this point until March 1983, to the *rigueur* plan; and, finally, from March 1983 until the PCF left the government in the summer of 1984.<sup>25</sup> Here we will merge the first two phases, since the second was but a transition that marked the last efforts to save the Left's original policies while a transition to liberalism was being prepared behind the scenes.<sup>26</sup>

For the eighteen months after 1981, despite—or, rather, during—a wage and price freeze, the Left pushed Fordist logic to its limits. Wages, above all social wages, went up, there was a deliberate budget deficit, new civil servants were hired, the minimum wage was boosted by fifteen percent, and household consumption of industrial products went up ten percent. Despite this flurry of "conjunctural" activity, industrial production continued to stagnate and rising unemployment was only momentarily stabilized.

What caused the failure? First of all, there was France's weak competitiveness, including real "holes" in the productive apparatus inherited from earlier eras, holes that had been aggravated by blind faith in a strong franc monetary policy. Three devaluations against the Deutschmark did not resolve the problems. Among other things, the effects of rising wage costs combined with the consequences of reducing the work week led to the erosion of firms' net profit margins. Further,



the maintenance of very high interest rates—imposed by the international context and the need to defend the franc—reduced net firm savings practically to zero.

The celebrated reduction in working time—one hour less per week, a fifth week of paid vacations, retirement at sixty—did not break with the existing paradigm. Indeed, these reductions could easily be fit into the spirit of the 1968 Grenelle agreements. Things would have been quite different had the government moved directly to a thirty-five-hour week without compensation for the lost hours. Then one might have been able to talk about “society’s choice,” where solidarity had been placed ahead of other things, “being” over “having.” But this didn’t happen. There was other very real, but strictly Fordist, social progress such as new and very strict regulations on “precarious” work and the legalization of 130,000 clandestine immigrants. Here it was a question of reestablishing the generality of Fordist norms of wage regulation. In contrast, there was a real failure in the direction of the “parasitic middle classes,” the traditional gangrene of French Fordism. Jacques Delors, the minister of finance, proposed to make all income earners responsible for welfare-state payments, but a surprisingly strong opposition forced him to beat a hasty retreat. At the same time he also abandoned any tax reforms beyond the very small wealth tax. One consequence was that nonwage incomes continued to expand.

Thus, to revert to our central categories, the Left’s first period brought few innovations either in the mode of regulation or in that of the accumulation regime . . . except, perhaps, that the accumulation regime no longer worked, but we already knew that, or at least the elites ought to have known it. In the area of industrial relations and the technological paradigm, things were more complicated. First of all, the Auroux Laws strengthened classical Fordist trade-union prerogatives by making annual wage negotiations obligatory and by increasing the information and training available for union delegates. But in organizing “direct expression” for workers, they also created openings for new employer strategies—and, why not, worker strategies as well—in the area of work relations at firm and industrial levels. But possibilities for challenging the Taylorist industrial paradigm were definitively lost as a result of a series of revolts in the name of “dignity” that came from semiskilled workers, usually immigrants, in the auto industry from 1981 to 1983. The government was quite unable to seize the occasion to launch new programs reforming work organization programs analogous to the famous “productivity missions” of the Marshall Plan years. Instead, it resorted to blaming the “Shiites” for sabotaging France’s exporting efforts.

The Left was well aware of France’s industrial backwardness. Its nationalizations, carried out with determination, and the Investment Bank, which was abandoned, were designed to overcome it. Its ministers of industry—the most ambitious being Jean-Pierre Chevènement, who dreamed of a French version of the Japanese MITI—set out in these directions in purely developmentalist ways, playing with an industrial erector set to redistribute the activities of nationalized firms, injecting massive amounts of capital (thirty billion francs per year), and

drafting multiple “sectoral plans.” The principle justification for nationalizations was unquestionably to legitimate a transfer of taxpayers’ money to programs for bolstering “national industry” rather than into bosses’ pockets. Technocratic methods for managing nationalized firms were not changed at all.

The principal doctrinal contribution of the Left in this area was the *filières* policy—usually contrasted to the earlier “niche” strategy—designed to reconstruct a productive apparatus that would be fully integrated from raw materials through finished products. It is now possible to point to moderate successes in electronics and chemicals. But more often there were failures, particularly in producing industrial goods. Why? First of all, there were quantitative reasons: the state simply could not do everything, even though it wanted to—develop the electronics *filière*, carry out a hyperambitious nuclear power program, and maintain, against all odds, a number of declining sectors (steel, coal mines, shipyards). But the most important reason lay in an underestimation of problems in labor relations and industrial organization. Jean-Pierre Chevènement’s speech to the Journées de l’Industrie in 1982 mentioned only in the vaguest and most ideological ways what had already become practice in Italian or Japanese industry and what university experts—even on the Left—thought about “interfirm partnerships,” “endogenous local development,” or the “remobilization of working-class savoir faire.” The core of the preoccupations of the minister and his colleagues could be summarized, in contrast, exclusively in terms of financing and automatizing to build *filières*.

This particular discourse was contradictory, if only in its profound misunderstanding of time. High civil servants acted as if expanding research and development spending would create a microprocessor industry to equip a robotics industry that would then equip the rest of the French productive apparatus. This was a noble project, but the creation of such a *filière* would take a decade—if enough money could be found—during which industry in general might well collapse. Beginning industrial modernization at the point of final production, in contrast, implied massive importations of sophisticated production equipment . . . an approach that would run counter to the doctrine of “reconquering the domestic market”!

In any event, in eighteen brief months the Left’s “industrial policy” could not break through the bottleneck of external constraints, especially after the government’s Keynesian policies created a huge commercial deficit that placed it on a collision course with these very same constraints. French Fordism was lost, in specifically economic terms. Beyond the economic dimension, however, all the problems created by the wobbly hegemonic bloc inherited from Gaullism now came to the fore. The unions, brought up in an oppositional culture, were quite unable to propose any schemes for reconstructing conditions of social compromise. And all of France’s various “corporatisms,” particularly those involving the peasants and the middle classes, turned into oppositional forces armed with the resources to confront any threatening reforms with massive

street mobilization. Finally, after fifteen years, the libertarian youth of 1968 had converted to an ideology of liberal refusal of state regulation.

### 3. Mauroy II and Fabius: *The Rise of Social Liberalism*

The third devaluation in March 1983 marked the surrender of Left Keynesianism. In the face of a huge trade deficit, the choices were simple: either "war social democracy," involving protectionism, competitive devaluations, and crisis with Europe, or the maintenance of free trade, deflation, and the abandonment of the Left's Fordist social ambitions of full employment and rising purchasing power. Opposed by the PCF and half the Parti Socialiste (PS) but supported by the Right, all the press including that of the Left, and even the formerly radical Confédération Française Démocratique du Travail (CFDT), the president chose the second route.

This surprising choice demonstrated the discredit into which the Fordist paradigm had fallen. On a more superficial level, memories of the conservative protectionism à la Méline in the Third Republic could easily be stirred up, from which it was easy to conclude that protectionism inevitably blocked modernization. Then there were arguments that invoked the spectre of Stalinism and the idea that limiting consumer freedom in the name of the collective interest would lead France down the primrose path to totalitarianism. In response to both of these bad dreams, the international market was presented as the regulator par excellence for installing a new model of development. Deeper down, however, PS leaders had convinced themselves that there really was a "supply-side crisis." It was thus necessary to invest, to reestablish profitability, and "therefore" to squeeze down popular standards of living, with "external pressure" available to serve as a scapegoat for the austerity that would follow.

At the same time an entirely new accumulation regime was emerging around exporting as both engine and source for financing accumulation. This new regime would no longer imply growth in the internal market; indeed, such growth might well weaken the competitiveness necessary for success. Nor did it imply growth in employment, at least in key multiplier sectors. Elites might hope, at best, that the unproductive spending of higher social classes, helped by foreign tourists— attracted to France, perhaps, by the new EuroDisneyworld in Marne-la-Vallée— would trickle down to poorer groups. This vision stood in strong contrast to Fordism, of course, in which upper social classes profited from the consumer mentality of lower groups. As for the industrial paradigm, everyone continued to announce the importation of automation, of electronification. But it was not until the Dalle Report in 1985 that any official condemnation of the "scars of Taylorism" was heard. And it was the modernist employers that seized the

initiative to mobilize worker initiatives and savoir-faire, according to procedures that it designed all by itself.

The new "productivist-liberal" paradigm sketched out here, with its focus on free trade and its consequences of a dualized society and "trickle-down" spillovers from rich to poor, closely resembled the "hourglass" model of society advocated by American Reaganites.<sup>27</sup> This model was, of course, impossible for the PS to accept. Thus the history of the Left's "third period" involved progressive acceptance of the need to abandon Fordism—*rigueur* ceased being an interlude—and to move spontaneously towards a liberal-productivist approach, and also, at the same time, a story of embryonic attempts to try out different approaches.

The *rigueur* politics inaugurated in the spring of 1983 sought to bring France's trade accounts into balance, slow down inflation, and reestablish firm profits at the cost of declining household purchasing power. Success in each of these areas was real, if incomplete. Purchasing power declined by 1.4 percent in two years, the trade deficit was reduced to an annual level of twenty billion francs and was covered, in 1984, by a surplus in services (tourism, insurance, "other" incomes), with similar results in 1985. Total French indebtedness thus stopped growing. At the same time, the declining purchasing power of wage-earners, combined with growing productivity gains, raised profits as a percent of total value added up to the level of the "benign" crisis years of the mid-1970s. Finally, inflation dropped much closer to the European average.

These positive results were intimately connected to a recovery of international growth fed by the American trade deficit. Firms lost market share at home because of the perpetual overvaluation of the franc, among other things, a situation that repeated Socialist devaluations did not change. Markets that firms could no longer find in France had to be found elsewhere. The results did not compensate for the decline in household consumption of industrial products (down 5.6 percent). Thus French growth was among the lowest of all industrial societies, 2 percent over two years. Unemployment rose by 500,000 in consequence. Moreover, in February 1984 several unions accepted important rollbacks in unemployment compensation coverage.

The new governmental team installed in July 1984 around Prime Minister Laurent Fabius (who had succeeded Jean-Pierre Chevènement at the Ministry of Industry in 1983) and Pierre Bérégovoy at the Ministry of Finance did not change these policy directions, excepting a very prudent lowering of interest rates (with little effect on firms, given the lack of investment opportunities in these grim times despite restored profit levels). Nevertheless, the 1985 tax cuts slightly stimulated demand in the months before the 1986 elections. In such circumstances Fabius's appeal for a *rassemblement pour la modernisation* could hardly have had much effect. Investment did begin to grow again at the end of 1984, but not enough to compensate for job loss in those declining sectors that the state would henceforth stop subsidizing—steel, coal mining, shipbuilding—or that were undergoing intensive restructuring, like the automobile industry.

The state was not inactive through all this, however. During his tenure as industry minister Fabius had managed to allocate to himself an Industrial Modernization Fund independent of the Finance Ministry. Edith Cresson, his successor, benefited from this. Ninety percent of this Fund went to import high technology! This was a complete break with the *filière* policy; still, finally, modernization began. "Liberal interventionism" of this kind was not incompatible with liberal-productivism, including its American variant<sup>28</sup>: a doctrine of the "state as industrial shield" was succeeding that of "state as social protector."<sup>29</sup>

Modes of regulation did not necessarily evolve in a parallel liberal sense. To be sure, recourse to the "secondary labor market" (part-time, temporary work, etc.) became again permissible. But even if Labor Minister Michel Delebarre was unable to re-launch the reduction of work time, he did promote several important initiatives like Intermediary Enterprises, TUCs, and *Contrats de Formation-Reconversion*. The minister's purpose here was to substitute socially useful activities and retraining programs for the unemployment dole. Beginning in 1985 these policies had a real effect in keeping unemployment statistics down. But the level of political and union debate around these potentially interesting innovations was mediocre.

More generally, the idea of a "productive" use of the welfare state's money was pushed aside by the liberal vogue of the moment, which, in the social realm, took on the label of "flexibility." In December 1984, several unions, including the CFDT, went as far as negotiating serious rollbacks in social legislation with the *patronat*, getting little or nothing in return. Opposition from the base stopped the accord from being ratified. Finally, through symbolic rewards and research subsidies the state encouraged initiatives from firms seeking to innovate by introducing collective working-class incentives in production. But, as we have already noted, these initiatives—few in any event—came largely from the employers and thus provoked trade-union suspicions.

In this half-tone portrait of governmental activities combining liberal resignation with innovative, if timid, counterefforts, it is important not to overlook what was going on in the regions and localities, which had been given much more autonomy by the Defferre Law of 1982. Thus in some places one began to see new forms of territorial partnerships among firms, local governments, universities, and unions. Savoie and a number of other peripheral "countries" stood out in promoting such consensualist "local development."<sup>30</sup>

Despite these few innovations—the remains of interventionism and vague concern to improve industrial relations and inter-industrial organization—the Socialists' "third period" was marked essentially by managerial pragmatism and ideological emptiness. Liberal mythology, the cult of "everyone for himself" and its popular corollaries, racism and fear about personal security, rushed into the void.<sup>31</sup> It was these things more than economic failure—few people believed any longer that the state could do very much economically—that the "neo-Liberals," that is to say Fordists of the Right from the 1970s after their conversion experience, were able to manipulate in the elections of March 16, 1986.

#### 4. Chirac II: Dogmatic Liberalism

The crushing victory of the Right coalition—a majority in the National Assembly without any for help from the thirty-one "ultra" National Front deputies—opened the door completely for the full application of "liberalism" by born-again Prime Minister Jacques Chirac. François Mitterrand, the sitting president, had rights of appeal to various constitutional jurisdictions against governmental initiatives but could delay things only a few days. As Chirac's all-powerful economics minister, Edouard Balladur, announced to the 1986 Davos Seminar, the government could legislate anything it wanted in the economic realm. But what did it really want?

In fact, the only authentically "liberal" quality that the Center-Right coalition shared was hostility toward legalizing the working-class victories of the preceding century. Even Philippe Séguin, considered a "Social Gaullist," could announce to the National Assembly in December 1986, during its forced march to laws on the "flexibility" of wage relationships (which unions had rejected a year earlier and which legalized night work for women, among other things), that "it is really a question of whether March 16th really happened or not." To the new majority, entrepreneurial freedom began where the rights of wage-earners ended. From this point of view what was important was won in December 1986—the privatization laws (which included a public television network), an extension in legal work hours at employer discretion, the development of a segment of young, legally underprotected, and underpaid wage-earners in the private labor market sector (through Stages d'Initiation à la Vie Professionnelle—SIVP), elimination of administrative pre-authorization for economically justified firings, and so on.

From a regulation point of view, this was indeed a retreat toward classical liberal conceptions. It reiterated almost word for word nineteenth-century anti-statist and right-wing notions like those of Leroy-Beaulieu, who, in praising private enterprises, claimed that "given their flexibility, capacities for rapid change, and the ever larger place they permit to responsibility, self-interest, innovation, competition, [they] are preferable to the state." The reappearance of this type of argument gave pause to those who knew about the Third Republic. And the similarities did not end here. "Entrepreneurial liberalism" was narrowly connected to a wave of measures favoring all those who owned something, including rentiers and *épargnants*, with laws to help real-estate owners, to reestablish the right to own gold anonymously, to abrogate the wealth tax, and to remove the highest tax brackets. Those repatriating capital that they had illegally exported earlier were amnestied.

Here there is an important contrast between Left governments before March 1986 and the Right after 1986. The liberalism of the Fabius government sought to help the firm as a *producer* of wealth and employment. The Right's liberalism was more the reestablishment of a *droit de jouissance* detached from the social utility of wealth. The Right's talk of "economic regeneration" could thus be reduced to a litany of "forever less . . . taxation, regulation, government stimula-

tion. . . .” The *De la Genière* group’s report on the competitiveness of French firms could be summarized in these terms, and there was nothing in it about the international debate, nourished by Japanese and Italian successes, on how to exit the crisis successfully, or about negotiated participation of workers, inter-enterprise partnerships, and state-corporation collaboration in the definition of industrial strategies and in financing research and training.

In the realm of practice, Alain Devaquet, the minister of research, canceled the year’s recruitment into Centre National de la Recherche Scientifique (CNRS) in June 1986. Of the fifteen billion francs of budget savings decided upon in the spring of the same year, half involved research. The university budget was cut, and the *rentrée* of all 1986 brought the first decline of student matriculation in recent history. Alain Madelin even bragged about cutting back the budget of the Ministry of Industry. Among other things, the *Fonds Industriel de Modernisation* was eliminated and the *Agence pour la Valorisation de la Recherche* and the *Agence pour la Maîtrise de l’Energie* were essentially destroyed. At a moment when the big economic powers were squaring off for an industrial war pushed forward by technological revolution, France, already seriously behind, announced unilateral disarmament.

In general, the liberal-productivist paradigm was fully adopted—beginning from a relatively advanced level of social democracy—both from the regulation point of view and from that of the logic of the accumulation regime, with even a dose of dogmatism (the renunciation of “liberal interventionism”) added in. Under such conditions, even the “social innovations” of the earlier period, themselves full of ambiguities (TUCS, Reconversion leaves, SIVPs) changed their meaning. Turned toward shoring up the private *patronat*, they accelerated and further institutionalized a dualized labor market.

A final word about privatizations. As we have seen, French nationalizations had served primarily to justify the direct injection of public money into a “techno-structure.” In accounting terms, reversing nationalizations created an influx of private savings into the public treasury. Privatizations, in turn, directly reestablished large “auto-controlled” financial technostructures around traditional axes like Suez and Paribas, to which one could add a new pole around the *Société Générale-CGE*. To be sure, “popular capitalism” allowed some mobility of household savings from passbooks into the *bourse*, as long as the international situation and a glut of stock issues did not cause market collapse. Privatization did not translate into change in the ways firms were run, however. The small stockowners of the CGE—seventy-five percent of capital, in fact—had no representation on the Board of Directors.

What can be said about the results? It would be dishonest to judge things too quickly—especially since what happened in the second half of 1986 was the responsibility of the Fabius government. Whether from demagoguery or self-delusion, the Right had promised that the growth of profits, pumped up by a declining dollar and declining oil prices, would be enough to turn the *possédants*

into entrepreneurs. Such promises overlooked both macroeconomic laws and the faintheartedness of French capitalism. In an ever more competitive domestic and world economy, profitable investment opportunities were growing ever rarer. The share of national income that was thus shifted toward profits—the 1973 level was reached—was itself diverted toward speculative games (purchasing privatized firms, for example). France’s productive apparatus, propped up by Socialist interventionism, began to decline once again. Industrial investment slowed from 9.5 percent in 1985 to 3.5 percent in 1986, then 8 percent in 1987. Despite two further devaluations, trade accounts were not balanced in 1986, even with ninety billion francs in oil savings, and they turned strongly and regularly negative in 1987. Above all, trade surpluses in manufactured goods rapidly disappeared. Having dropped by fifty billion francs in 1986 relative to the previous year, it became negative (–8 billion francs) in 1987, particularly in electromechanical industrial sectors. The elimination of state aid to industry, including the dismembering of research, did not help, any more than did the new freedom to fire experienced workers and replace them by SIVPs paid one-quarter their wages (even though this did keep youth unemployment lower, at the expense of increased unemployment for their elders). To be honest, the politics of “Chirac 1986” do not in themselves explain such a rapid collapse. In fact, the collapse of oil prices automatically brought with it the collapse of exports to OPEC countries. . . . But wasn’t it “Chirac 1974” who inaugurated the strategy of big contracts with oil-exporting countries?

At some point during April 1987 public opinion polls placed the Left, for the first time—ever?—ahead of the Right on questions about relative capabilities for running the economy. The deficit of the French welfare state had become so obvious that Philippe Séguin called the *Etats-Généraux de la Sécurité Sociale* for the fall of 1987. And in June 1987 a debate about “French decline” exploded. Chirac responded, in July, by promising to refloat research budgets. It was very late. The structures of French international trade had begun to resemble those of an underdeveloped country. And this under the leadership of a “Gaullist” thirty years after General de Gaulle’s return to power. The electoral results of spring 1988 had become inevitable.

### By Way of Conclusion

French economic history after 1962—and, in fact, ever since 1945—has involved a forced-march modernization led, first of all, by a peculiar variety of Bonapartism, which almost reached its legitimate conclusion in social democracy. The internal obstacles to success—the famous *société bloquée*, which necessitated proliferating corporatistic concessions and relegation of the wage-earner social base of Fordism to an impatient opposition—ought to have given way as a result of modernization itself. It is significant that the electoral propensities of women.

faithfully on the side of an archaic Right at the beginning, have become Socialist. But the magnitude of the imbalance in France's developmentalist but "wobbly" hegemonic bloc, plus France's place at the bottom of the ladder of the European accumulation regime, lay the groundwork for the catastrophe that would come with the crisis of Fordism. Neither the Left Common Program nor dogmatic liberalism had brought satisfactory remedies. Instead, all one heard were paeans to technological modernization and Europe.

In this vacuum of values, this desert of citizenship paradigms, what had earlier been cast out could return. Political groups on all sides bore responsibility for the rise of xenophobia and hysteria about law and order promoted by the National Front. The PCF, after the 1977-78 breakdown of the Common Program, tried to re-moralize its disoriented social base by encouraging rejection of immigrants. The Right won the 1983 municipal elections by playing on the theme of insecurity and immigration. The PS reworked its propaganda after 1984 around the theme of *La France qui gagne*.

What is the France we see today? If a country can no longer define itself in terms of a project of life in society, then it will collapse. In many quarters today France equals the French, those who have French blood. There as well the state exists to protect the good French against those who are impure, those infected by AIDS, immigrants, industrial restructuring, and European unification. In the race to the center, toward consensus around a complete absence of positive projects, the political establishment has abandoned the victims of crisis to the sirens of hatred and irrationality.

*Translated from the French by George Ross.*

## Notes

1. I have been trying to expand these ideas beyond economics over the past few years. For the basic texts of the regulation school see Michel Aglietta, *Régulation des crises du capitalisme* (Paris: Calmann-Lévy, 1976), translated as *A Theory of Capitalist Regulation* (London: New Left Books, 1979); Robert Boyer and Jacques Mistral, *Accumulation, inflation, crises* (Paris: PUF, 1983); Alain Lipietz, *Crise et inflation: pourquoi?* (Paris: Maspéro, 1977); and Alain Lipietz, *Mirages and Miracles* (London: Verso, 1987). I have presented regulation school principles didactically in "Reflections on a Tale," *Studies in Political Economy* 26 (1988) and have discussed their origins in Jane Jenson and Alain Lipietz "Rebel Sons: The Regulation School," *French Politics and Society* 5 (Fall, 1987). My book *L'Audace ou l'enlèvement* (Paris: Maspéro, 1984) implicitly uses the methods of the present essay, which are more explicitly discussed in Alain Lipietz, "The Conditions for Creating an Alternative Movement in France," *Rethinking Marxism* 1 (Fall 1988), where the concept of societal paradigm is reviewed. In its actual form, it constitutes a common elaboration with Jane Jenson who, after having introduced congruent notions concerning political representation (for example, "Gender and Reproduction: Or Babies and the State," *Studies in Political Economy* 20 [Summer, 1986]), applied the same methodology in her study of the recent history of Canada, " 'Different' but not 'Exceptional': Canada's Permeable Fordism," *Canadian Review of Sociology and Anthropology* 26 (Winter 1989).

2. We should note that in all of these forms of production the domestic labor of women is invisible, unrepresented, and not even "economic."

3. Such places are not occupied by simply defined "social classes" derived from economic circumstances. Two social blocs that combine the same classes can be very different, both because of different systems of material compromises and because of varying systems of collective representation inside the bloc. One might use the analogy of "isomers," chemical molecules composed of the same atoms, but bound together in different ways. This is why we will talk of "groups" in what follows, using, in a distant way, the reading of Gramsci proposed by Nicos Poulantzas in *Pouvoir politique et classes sociales* (Paris: Maspéro, 1968).

4. *Habitus* is here used in the sense of Pierre Bourdieu in *Questions de Sociologie* (Paris: Minuit, 1980), meaning a disposition of socially constructed individuals willing both to "play the game" and also to help it evolve within a mode of regulation.

5. See Jenson, "Gender and Reproduction," for a discussion of this point.

6. The term "paradigm," which I borrow from grammar as Thomas Kuhn did in the interests of epistemology, helps to capture simultaneously, two different concepts at the same time. A paradigm can have infinite variations—like a color, say, between red and purple—but still have clear boundaries. A societal paradigm is defined by its common principles, which are susceptible to a number of variations and rearrangements. This is why it can be seen as conflictual, or why each paradigm has a specific Left-Right polarization. Here see Alain Lipietz, "The Conditions for Creating an Alternative Movement."

7. This "regulatory" concept of the state gets its credibility from Marx and Engels (with Weber's later help), despite the fact that it is covered up in Marxism, as a result of the Leninist tradition, by an instrumentalist concept (where the state "becomes a tool of the dominating classes to control subordinate classes"). See Lipietz, "The Conditions for Creating an Alternative Movement."

8. Robert Delorme and Charles André call this the "état interne." Delorme and André are quite close to the regulation school. Here I borrow the terms "internal/external state" and "circumscribed/inserted state" from them. See Robert Delorme and Charles André, *L'Etat et l'économie* (Paris: Éditions du Seuil, 1983), and Robert Delorme, "A New View of Economic Theory of the State: A Case Study of France," *Journal of Economic Issues* 18 (September 1984).

9. What follows is often based on more concrete analyses from the theoretical tradition evidenced by such theorists as Delorme and André, *L'Etat et l'économie*, Patrick Fridenson and André Strauss, eds., *Le Capitalisme français: Blocages et dynamismes d'une croissance* (Paris: Fayard, 1987); André Gauron, *Histoire économique et sociale de la Ve République*, 2 vols. (Paris: La Découverte, 1983, 1988); and Lipietz, *L'Audace ou l'enlèvement*.

10. See Richard Kuisel, *Capitalism and the State in Modern France* (Cambridge: Cambridge University Press, 1981).

11. The *réaliste poétique* films of the interwar period—those of Carné and Renoir, for example—perfectly illustrate this societal paradigm.

12. There was also a strong anarcho-syndicalist tradition in both the PCF and the Confédération Générale du Travail (CGT), a tradition proud of its "professionalism" and its technical *savoir-faire*.

13. The passionate dialogue between the Communist historian Jean Bouvier and the *grand commis* François Bloch-Lainé (in *La France Restaurée* [Paris: Fayard, 1986]) illustrates this convergence particularly well. In response to the Communist who believes that the hopes of the Resistance were betrayed and talks about a need for "restoration," the *grand commis* patiently explains that there was nothing in these hopes that, as far as possible, had not been achieved prior to 1973.

14. It was Jean Lecanuet, MRP leader, who gave the most important *discours de censure* against the developmentalist government of Mendès-France in 1954.

15. For example, one can point to collective agreements and "social progress," the spread of paid vacations, regulations on work time, a minimum wage indexed to the cost of living and later to national productivity, growing representation by trade unions, agreements on job training programs, and so on.

16. See Hugues Bertrand, "Le Régime central d'accumulation de l'après-guerre et sa crise," *Critiques de l'Economie Politique* 7-8 (April 1979).

17. See Alain Lipietz, *Le Capital et son espace* (Paris: Maspero, 1983).

18. This is the terminology of Michel Aglietta and Anton Brender in *Métamorphoses de la société salariale* (Paris: Calmann-Lévy, 1984). Its major problem is, however, its considerable overestimation of France's approximation of a salaried society.

19. Luc Boltanski, *The Making of a Class: Cadres in French Society* (Cambridge: Cambridge University Press/Editions de la Maison des Science de l'Homme, 1987).

20. This is obvious from a comparison with similar groups in northern Europe, West Germany in particular.

21. Watch out! For the French who remain uncontaminated by the *franglais* of political science, the word corporatism does not mean an oligolistic agreement between social groups with particular representative status brokered by the state. It means, in contrast, the combination of different social groups in a unique professional organization, opposed to other professionals, to which the state delegates internal regulatory responsibilities. Fordist regulation is thus *not* corporatist regulation of the Perón-Vargas type. See Alain Lipietz, "Aspects séculaires et conjoncturels de l'intervention économique de l'Etat," *Couverture Orange* (Paris: CEPREMAP, 1986).

22. Social promotion through the teaching profession—which the familial trajectory of Georges Pompidou illustrated perfectly—was indeed one of the central mechanisms of the hegemonic bloc of the Third Republic.

23. For a detailed analysis of the double crisis of Fordism—that of its specific paradigm and that stemming from its internationalization—see Andrew Glyn et al., "The Rise and Fall of the Golden Age: An Historical Analysis of Post-War Capitalism in the Developed Market Economic," in Steven Marglin, ed., *The Golden Age of Capitalism: Lessons for the 1990s* (Oxford: Oxford University Press, 1990), and Alain Lipietz, *Mirages and Miracles* (London: Verso, 1986).

24. For a more detailed and nuanced analysis of the policies of the Barre, Mauroy, Fabius, and Chirac governments see Alain Lipietz, "An Alternative Design for the Twenty-First Century," *Couverture Orange* (Paris: CEPREMAP, 1987), no. 8738; idem, *L'Audace ou l'enlèvement*; and idem, *Choisir l'Audace* (Paris: La Découverte, 1989).

25. We will exclude ideological, political, and other aspects, even when they have important economic consequences, especially those bearing on the question of the "middle classes."

26. A political periodization would place the low point of the legislature in June 1984, with the European Elections, huge demonstrations for private schools, the subsequent "Allendization" of François Mitterrand, and then breakout from the state of siege when Fabius became prime minister and the Communists left.

27. See Alain Lipietz, *Choisir l'audace*.

28. See Bertrand Bellon, *L'Interventionisme libérale: La Politique économique de l'administration fédérale américaine* (Paris: Editions du Seuil-Economica, 1986).

29. See here Alain Minc, *L'Après-crise est commencée* (Paris: Gallimard, 1982).

30. Claude Courlet et al., *Etudes sur les politiques industrielles locales dans le cadre de la promotion des PME*, mimeo (Grenoble: Report IREP/CNEPP, 1987).

31. See Lipietz, *Choisir l'audace*.