

1. Methodological Introduction

To forecast the future of capital-labour relationships is not easy. A broad spectrum of industrial relations exists even within advanced capitalist countries - and the divergences there are actually increasing, in contrast to the 1950s and 1960s where a rather unified model prevailed: Fordism. It is perhaps a transitory situation: the crisis of the formal world, the old world, leads to a period of search for new 'industrial paradigms', new rules of the game in the organization of paid work. A new paradigmatic order may emerge. But it is also conceivable that the march of Fordism towards hegemony was no more than a single 'success story' in the history of capitalism. In future perhaps several types of capital-labour relationships may coexist, even within one country: a configuration of complementary models of industrial relations.

However, there are good reasons for believing that social relations tend to adapt themselves to typical forms. The best argument is that all the agents involved are pursuing similar goals: optimization of efficiency, or at least 'satisficing' to survive in competition. In this process, they tend to copy the experiments of others, read management books, business newspapers and journals, follow fashions. People learn. In analysing the future we must ask whether these learning processes may converge.

But we should not expect a single solution to this process of formation of social relationships. In industrial relations, this idea is often connected to the hypothesis of an objective progress of productive forces to which social relationships must adapt themselves through the process of trial and error. This idea, common to old Marxist doctrine and to many current writings on the 'demands of the information technology revolution', is refuted by empirical observation. In fact, between technological development and the stabilization of typical industrial relations, there stretches the vast field of social conflicts influenced by the traditions of previous agreements, national and local. An industrial paradigm is a social *compromise* accepted willingly or unwillingly by managers and by workers. Moreover, this paradigm contributes to form and guide technological development itself.

We have known, since 1989, that the dawn of the 21st century will be capitalist - based on firms producing goods and organized by managers hiring the labour force. *But what capitalism?* That remains the question. The future of the former socialist countries is far from being defined. Their process of learning and imitation may tend to converge on the British model, the Swedish model, or some original type of social compromise. Moreover with the collapse of the 'oriental way to socialism' all the 'national ways to socialism' in the Third

11. Developments and Alternatives: Hopes for Post-Fordism

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Introduction

What unites the supporters of an evolutionary political economy, is not only the idea that the forms of economic organization have evolved since capitalism began and will continue to do so. It is also the idea that the range of possible developments is not strictly delimited by some exogenous factor like the evolution of productive forces or technological revolution, and so on. Evolution takes place through human invention, trials and errors, struggles and compromises, through utopias and constraints. To be evolutionary is not only to set out a realistic programme to understand how the world changes, but also to think that we can change the world a little.

This is particularly true as regards one of the central relations of our economies: labour relations - the manner in which labour is negotiated, paid and used.

In Section 1, I explain first the respective role of 'models' and 'constraints' in evolution. Then I set out the 'models' competing for the exit from the crisis of advanced capitalisms, restricting myself to capital - labour relations. In Section 3 I study the constraints on the selection of these developments. Finally, I venture to propose an alternative to the development which is currently dominant.

World from India to Algeria have lost their attraction. There the capital-labour relations present an incredible mixture of forms stretching from degenerate small-scale production to semi-Japanese salarials. But will the main developments lead to a 'Brazilian type' or a 'Korean type'? And must one expect a new world hierarchy according to nations' choices of type of industrial relations?

Once again the future seems very uncertain. However, limits still exist. Industrial relations must be *coherent*. First, they must be coherent in themselves, that is to say among their different aspects: pay contracts, organization of work, social reproduction of a suitably skilled labour force. Next, they must cohere, be compatible, with the broader pattern of social life: with general objectives, with the accepted rules of life in society. Third, they must be coherent with the macroeconomy of whatever regime of accumulation exists, nationally and internationally. Last and not least, the world ecological situation now imposes strong constraints on the generalization of most of the models, which will have to be accepted sooner or later, and the sooner the better. We can draw certain conclusions at this point:

- Technology offers possibilities, without determining the future.
- Social actors are trying to escape from a situation where the old agreements are in crisis. In doing so they jostle, searching for new compromises, in directions influenced by the crisis of the old compromises. As yet, only the questions are known. The answers offered in any country depend on its traditions and local experience. Thus promising answers have more chance of emerging in some countries than others; then some of them can become hegemonic at the world level via imitation of the most successful experiments.
- But partial answers cannot be chosen 'à la carte'. There are only some 'menus' which are coherent, and not all are mutually compatible.

2. Two Directions of Exit from Fordism

Since the Second World War, two models of development have been offered to developing countries: the Western model and the 'socialist' model. The latter has now been seen to have totally failed. During this time capitalism in the north-west of the world experienced its golden age. The model of development of this golden age (which we call 'Fordism') experienced a major crisis during the 1970s and 1980s, but nobody thought that it was a question

of the 'final crisis of capitalism'. On the contrary, several reforms, which all showed promise at the end of the 1980s, were proposed for this model.

The success and the failure of the Golden Age¹

Let us first briefly recall what Fordism was. Like any model of development, one can analyse it on three levels.

- In terms of general principles of the organization of work (or 'industrial paradigm'), Fordism is Taylorism plus mechanisation. Taylorism means: a strict separation between the conception of the production process – which is the task of the organization and methods (O&M) office – and the execution of standardized tasks formally prescribed, at workshop level. Mechanization is the incorporation of the collective expertise of the O & M office in the material apparatus (hardware as well as software). Worker involvement is not required.
- In terms of macroeconomic structure, Fordism involves productivity gains resulting from its principles of organization, matching both the growth of investments financed by profits, and the growth of workers' purchasing power. In consequence the overall share of pay in value added and the coefficient of capital in that value, remained roughly constant, so that the rate of profit was approximately stable and the demand for production and consumption goods rose parallel to productivity.
- In terms of rules of the game (or *mode of regulation*) Fordism involved a long-term contractualization of pay relationships, with strict limits to sackings, and a programmed growth of pay, indexed to prices and to general productivity. Moreover, a vast socialization of income through the welfare state guaranteed workers a permanent income. In return for this the trade unions accepted managerial prerogatives. In this way, the principles of work organization, as well as the macroeconomic structure, were respected.²

The Golden Age model thus depended on the contribution of pay to demand in the domestic market of each advanced capitalist country, taken separately. The external constraint was limited by the synchronization of growth in these countries, by the limited importance of the growth of international trade relative to the growth of domestic markets, and by the hegemony of the US economy.

At the end of the 1960s, the stability of the growth path of the Golden Age was called into question. The most obvious reason appeared from the 'demand side'. Competitiveness evened out between the US, Europe and Japan. The search for

economies of scale led to internationalization of production and markets. The rise in price of raw materials imported from the South (oil in particular) stoked up competition for exports in the early 1970s. The maintenance of internal demand was now jeopardised by the need to balance external trade.

In the face of this crisis on the 'demand side', the initial reaction of international elites was Keynesian. The main idea, accepted by all, was to coordinate the maintenance of world demand. In fact, the growth of real pay slowed down spectacularly, more and more firms shifted their plants to non-unionized areas or subcontracted in Third World countries, but the basic structures of the previous mode of regulation were maintained in the advanced capitalist countries. However, at the end of the 1970s, attitudes changed. The management of the crisis by the demand side had certainly avoided a great depression. But a major limit appeared: the fall of profitability. This was due to a number of causes on the 'supply side': deceleration of productivity, growth of total labour costs (including indirect pay via the welfare state), growth of the capital-product coefficient, growth of the relative price of primary products. In these conditions, Keynesian recipes such as rises in real wages (limited as they were) and monetary laxity, could only lead to inflation and erosion of the value of monetary reserves, in particular of the international currency: the dollar. Thus the turn towards 'supply side policies', that is to say towards 'industrial relations'.

The 'profit squeeze' analysis had become the official explanation by 1980. Profits were too low because workers (and primary product exporters) were too strong, which was because the rules of the game were too 'rigid'. That obstructed the restructuring of the productive apparatus, with the risk of missing the chances offered by the technological revolution. Thus the 1980 Summit of the Seven in Venice, after the second oil shock, proclaimed that the 'first priority' was to combat inflation (rather than unemployment), through the commitment to raise productivity and to redistribute capital from sectors in decline to growth sectors, from the public to the private sector, from consumption to investment. There was a commitment to 'avoid measures protecting particular interests from the severity of the adjustment'. In other words, 'rigid' social compromises must be torn up.

This policy of 'liberal flexibility' was implemented by the governments of the United Kingdom, then the United States, finally in most OECD countries, even socialist/communist-ruled France. The repudiation of old compromises reached different degrees on different fronts: from the rules of pay increase 'inflation plus productivity' to the extent and depth of social protection, from the liberalization of redundancy procedures to the proliferation of precarious

employment. This process was pursued in an authoritarian manner - governments and management taking advantage of union defeats or the political success of conservative parties - or through the negotiation of concessions between capital and labour under pressure of rising unemployment.

The experience of the 1980s did not favour the liberals. The recovery after 1983 can more plausibly be credited to a renewal of Keynesian reflation. It was flexibilization's most determined exponents - the US, the UK, France - whose industry shrank and manufacturing trade deficits worsened; the victors of the competition - Japan, West Germany, EFTA - seemed to have a different solution to the supply side crisis. Let us return to the theoretical explanation of the crisis of Fordism on the supply side. A complementary explanation to 'the profit squeeze under full employment' depends on the erosion of the effectiveness of Taylorism. The elimination of all initiative by direct workers in the production process, seems today of doubtful rationality. It is a good way of assuring the management direct control over the intensity of work, but giving direct workers more 'responsible autonomy' can form part of a superior system of organization, above all in implementing new technology or just-in-time methods of management, which fully involves their intelligence and their willing co-operation with management and engineers.³ Just such was the alternative chosen by numerous large firms in Japan and Germany, and in Scandinavia. There, pressure from the unions and from other organizational traditions, favoured *negotiated involvement* as a solution to the crisis of Fordism (Mahon 1987).

By the end of the 1980s the superiority of this choice was more and more recognized not only in this second group of countries, but also by the managers and pundits of the first group. Certainly the success of the second group in international competition weighs heavily in this development, but the difficulties of implementing new technologies in a flexible, liberal context, have also encouraged the transformation in management methods. But can liberal flexibility and negotiated involvement be combined 'à la carte'? How far are they mutually coherent?

*After Fordism, What?*⁴

To sum up our survey of recent economic history:

- Management of demand was first given great attention and then dropped, either because internationalization had made it impossible, or because the late 1980s boom had made it unnecessary.

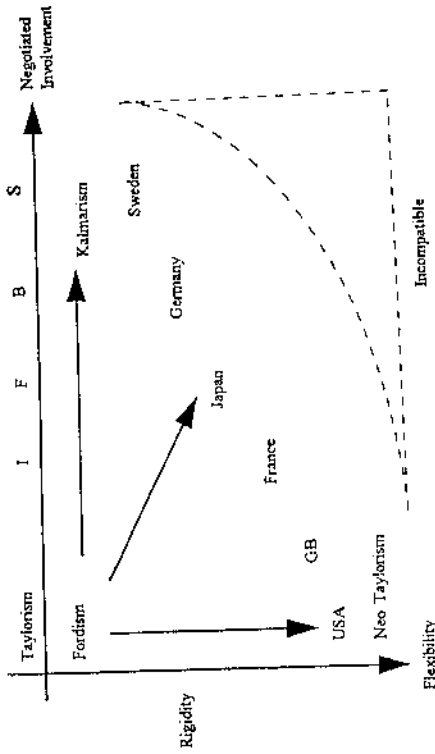
- Two 'supply side' doctrines were developed: liberal flexibility and negotiated involvement.

For the moment we shall restrict ourselves to the supply side. Our only ambition is to shed light on the paradigms competing on the ruins of Fordism. The two doctrines do indeed represent different paradigms, 'menus', even if it seems *a priori* possible to mix them in an eclectic manner. In fact the two doctrines of exit from the crisis can be considered as two axes of escape with respect to the two characteristics of Fordist industrial relations: Taylorism as a form of direct control by management over work, and the rigidity of the work contract (see Figure 11.1). The first doctrine proposes a movement from rigidity to flexibility in the wage contract; the second doctrine, a movement from direct control to responsible autonomy. To put it another way, the first axis concerns the 'external labour market', the link between firms and labour seeking earnings from employment; the second axis concerns the 'internal labour market', the forms of organization and of co-operation/hierarchy within firms (Doeringer and Piore 1971). On the first axis (external) there are several dimensions of rigidity and flexibility, as already noted. The 'rules of the game' can include the rules of formation of the direct wage, the rules of hiring and firing, the rules of allocation of the indirect wage: the external market is a more-or-less organized market. This axis is thus a synthetic one. Further, the rules can be established at the level of individuals, firms, sectors, and the whole society.

On the second axis, the internal axis, there are also several dimensions: involvement can mean skill training, horizontal co-operation, participation in definition and control of tasks, and so on.⁵ Here again, we are talking about a synthetic axis, but this time as we shall see it is important to take into account the level of the negotiation of worker involvement.

- Involvement can be negotiated *individually* and rewarded by bonuses, promotion, or otherwise. This option is limited by the collective character of the involvement required in the majority of co-operative production processes. But individually-negotiated involvement (I in Figure 11.1) can be extended to a team or a department. This does not take us too far away from the incentive practices and it remains compatible with a flexible labour contract.

Figure 11.1: Developments of Post-Fordism: the advanced capitalist countries



Involvement may be negotiated *firm by firm* between management and unions (F in Figure 11.1). Here firm and labour force share the dividends of the specific skills accumulated in the collective learning process. This implies an external rigidity of the wage contract, that is the limits of the right to fire workers already in the firm, but this agreement obviously does not include people outside it.

- Involvement may be negotiated at *sector level* (B in Figure 11.1), which limits the risk of competition through 'social dumping' and encourages firms to share training institutions, and so on. In consequence the 'external labour market' is likely to be itself more organized: either generally more rigid, or with more socialization of incomes from work.
- Involvement can be negotiated at the level of *the whole society* (S in Figure 11.1), unions and employers associations negotiating, at regional or national

3. Problems of Coherence of Post-Fordism

Industrial relations only define a part of conceivable development models. Capital-labour relations are subject to other constraints than those which develop there. Macroeconomists currently recognize the existence of a demand constraint and of an international constraint. Political scientists emphasize the need for legitimization of the social order. More recently ecological constraints have arisen, of the highest importance. Let us begin with these.

The Dangers of Productivism

Capitalist development has not only 'degraded work' up to its Taylorist paroxysm (Braverman 1974). We can now see how far, following the prophecy of Marx, it has also exhausted nature (as has the state capitalism of the East). In fact the deals between capital and labour have been made hitherto at the expense of nature, and thus of future generations. The ozone hole and the greenhouse effect arose from the great industrial boom of the Golden Age. The economic recovery of the 1980s increased the frequency of industrial disasters, while aggravating the global ecological crisis. Now the limits of any productivist model are fully perceived, at local or global level, and the need for future models of development to be 'sustainable', ecologically coherent, is becoming more widely recognized.

Still, the force of this perception varies, which is why ecological limits are not equally perceived as real limits for future models. Local dangers are certainly better and better perceived and rejected, even by workers whose jobs are their cause. The aggregation effects of anti-ecological individual practices are perceived and rejected when they are concentrated in a defined territory such as Los Angeles, Holland and even in a newly-industrialized country like Taiwan. But global effects (for example the greenhouse effect) resulting from a model of consumption inherited from the Fordist compromises, can be ignored for a time. Ecological limits are thus at the same time absolute and vague. Humanity can choose unsustainable models until the first third of the 21st century. The local or regional concentration of environmental damage will encourage the development of social movements opposed to these models ... but in many such cases the local victims will be criticised by the inhabitants of more culpable regions!⁸

If we suppose the development of ecological movements in the entire world (and that is the case in the West and in the East, though less clearly in the South) sustainability will become a factor of legitimization for future

level⁶, the distribution of income and the whole direction of the society, on the understanding that the unions will see to it that 'their people' do their best at shopfloor or office level. Here, the external labour market is likely to be at least as well organized as in the most 'corporative' or social democratic forms of Fordism.

On the other hand, the collective involvement of the workers cannot appear if there is not the feeling of 'being in the same boat' between the firms and their workers, that is in a context of 'external flexibility', at whatever level the negotiation takes place. Thus the limit of coherence between 'flexibility' and 'involvement' appears as an arc between our two axes, with the triangle of incoherence and two privileged lines of development, that is to say two actual paradigms (see *Figure 11.1*):

- External flexibility combined with direct hierarchical control. This takes us back to some form of Taylorist organization of the labour process, without the social compensations of the Fordist golden age. Let us call this paradigm 'neo-Taylorism'.
- External rigidity of labour contracts combined with negotiated involvement of producers. Let us call this paradigm 'Kalmarism' in honour of the first motor works (Volvo) reorganized according to the principle of involvement in a social democratic country, Sweden.

The OECD countries seem currently to be arranged along the arc, with the US and Great Britain emphasizing flexibility and neglecting involvement, certain countries introducing individually negotiated involvement (France), Japan practising negotiated involvement at the level of big firms, Germany practising it at the sector level and Sweden nearest to the Kalmarist axis. What is then the pull of the axes? The experience of the United States shows that it is difficult to negotiate involvement at the firm level in a flexible, liberal context; still, individually negotiated involvement can perhaps be developed. On the other hand West Germany seems a socially less-advanced form of the Kalmarist paradigm. Japan seems to occupy an intermediate situation which we could perhaps call 'Toyotism' with a strong duality (rigid/flexible) of its external labour market.

capital-labour compromises. This will favour the more socialized forms of the Kalmarist compromise, which will be prepared to give the rewards from productivity gains more in the form of leisure time, and the socialized forms of public service, than in purchasing power.⁹ In Northern countries where individualist ideologies are too strong, the dominant classes attached to neo-Taylorism will prefer a less radical and less effective solution: repair environmental damage, through ecological industries, at the expense of the poorer strata of society. If the much more immediate constraint of debt weighs heavily on the East and the South they may ignore ecological sustainability altogether.

The Problem of Social Cohesion

Obviously the development models based on Kalmarist industrial relations imply that expertise, education and culture are shared by all, implying a more or less egalitarian distribution of income and power, with the public service well organized and trained in the areas of education and health (Lipietz 1989). By contrast, neo-Taylorist industrial relations imply the polarization of skills, incomes, property and access to health and education. Development models based on such industrial relations are thus more conflictual than the former type. At the heart of the liberal democratic order there appear in these latter models, serious problems with cohesion.

In fact, the neo-Taylorist paradigm has more chance of developing where individualist ideologies prevail and where the employed population is divided. This conclusion is still valid when the involvement of workers is negotiated firm by firm. It is what Aoki (1987) has called 'the dilemma of salaried democracy'. In this case the productivity gains are specific to the firm. Negotiated compensation (higher pay, reduced work time, or securer employment) are limited by the quasi-rent, itself dependent on whatever competitive advantage it can maintain. In these conditions the employees and the management participating in the compromise are allies against newcomers and competitors. This tends to consolidate a 'labour aristocracy' or a 'yeoman democracy' in Piore and Sabel's (1984) version, at the summit of a meritocratic hierarchy generalized to the whole society which can be inherent in the national culture. This hierarchy develops in a completely dualist structure (negotiated involvement/neo-Taylorism) especially when sexual differences come into play as in Japan or Korea, or ethnic differences as in West Germany (see Waltraff 1986).

The Kalmarist paradigm can win when the labour movement is strong, reflects the interests of the whole employed population, accepts involvement in the dialectic of struggle and agreement with the management, including the domain of organization and production, and when feminist consciousness is strong. When the salariat is divided by aristocratic traditions, sexual or ethnic discrimination, and when management and unions have a long tradition of antagonism (as in France, in the United States and in the United Kingdom) neo-Taylorism or some kind of dualist configuration has more chance of developing.

Macroeconomic Constraints

Macroeconomic constraints are well known to economists. Moreover they represent the more logical aspect of prospective analysis. We can thus be very brief. Any model of capital-labour relations must be (1) profitable, (2) competitive and (3) induce equality of demand and supply. From (1) it follows that when much of the surplus is required for debt service there is little room to negotiate involvement because pay will have to be as low as possible. A debt constraint thus tends to encourage neo-Taylorism. From (2), the countries which are already engaged in neo-Taylorism and therefore less productive than the 'involvement' countries are also handicapped in the search for a better capital-labour compromise. As a result in our array the USA, UK and France will have a lot of difficulty in evolving towards Kalmarist paradigms. It can be expected that Scandinavia, West Germany, Japan and Korea will begin the 21st century in a better position. As to (3), the Kalmarist paradigm is superior. Neo-Taylorism will be associated with a cycle of periods of overheating (with gains to profits and higher earners) and depression (due to over-investment or policies of deflation). The business cycle returns after the much more regular path of Fordism.

The great open question is the possibility of a combination of the two models in the same area of free trade such as the European Union. Presumably, in the labour-intensive sectors neo-Taylorism can outclass negotiated involvement when pay is sufficiently low. Thus, transposing the Ricardo theorem on comparative advantage, nations or regions all tend to specialize in the sectors where they are comparatively best 'endowed' either in flexibility (and in low pay) or in negotiated involvement. The most credible scenario is *the formation of a new hierarchised world economy*. In place of an industrial Fordist core facing a periphery producing primary products, there will be a new *de facto* international division of industrial employment. The core economies will be those which will have adopted the Kalmarist compromise for the majority of their production with a possibility of internal dualism (Kalmarism/neo-

Taylorism), for example by gender. These countries will dedicate themselves to high technology and to production less intensive in low-skilled labour. The periphery will be composed of economies organized according to the neo-Taylorist paradigm and dedicated to routinised and labour-intensive activities.

In this case the aggregate level of demand will be limited by the competition of wages due to the coexistence of regions with low salaries and low involvement and of regions with high salaries and high involvement. The greater the possibility of practising 'social dumping' in the neo-Taylorist regions, the smaller will be the islands of 'salaried democracy'.¹⁰ Of course a very simple means of limiting 'social dumping' by competitors is protectionism, either through a low exchange rate or through explicit or implicit barriers to imports. Japan and Korea have been using these two recipes for decades. The EU is not completely open to the competition of the NICs. The USA is less and less open to it. Once it is admitted that it is unjust to be protectionist against a group of countries and at the same time to insist they pay their debts, a reasonable protectionism appears as a means of opening the field to better social compromises than pure free trade. But it only opens the field!

4. The Alternative

We have just seen what the recent development of capitalism can teach us. The future seems more open than is sometimes said. I will end by suggesting an alternative route (Lipietz 1989), in the spirit of the social movements which arose from the end of the 1960s, from the French May of 1968 to the German Greens. The key is not to reject technical progress, but to refuse to take this progress as an end in itself. Three themes define the yardstick by which to gauge all 'progress' and each policy: the autonomy of individuals and groups; solidarity among individuals and groups; ecology as a principle of relations between society, the products of its activities, and its environment.

To the crisis of the Fordist paradigm, the alternative thus opposes:

- the transformation of relations among people in work towards a greater mastery of producers over their activity;
- a reduction in (paid) working hours and in consequence a reduction in market relationships in consumption and in leisure, to the advantage of free creation;
- the systematic choice of the most ecological technologies – least despoiling of natural resources;

- the transformation of social relations outside paid employment in the sense of reduction of hierarchy, and respect for equality in difference;
- the transformation of forms of solidarity within national collectivities, from a purely monetary redistribution to help by self-organized activities directed to negotiated social ends;
- evolution towards more organic and less delegated forms of basic democracy;
- a movement from unequal relationships among different national collectivities towards mutually advantageous relations among self-centred communities.

The social base of the alternative will have to bring together the oppressed and the exploited in revolt against alienating social relationships: women, workers who suffered restructuring or devaluing technologies, the unemployed and precarious workers, multicultural youth of the conurbations, peasants excluded from rural society. It is thus a 'new left' democratic successor of all the emancipatory movements. What could be the economic basis of such a democratic alternative: what technological paradigm, what regime of accumulation, what mode of regulation?

For a new salary compromise on productivity

As argued above, one real paradigm, 'Kalmarism', seems compatible with the alternative project. Bluntly, the workers' movement and all the democratic movements must take up the challenge and occupy the terrain of an anti-Taylorist revolution; not only as a 'compromise' but as the first step towards historic goals – a society which is more democratic, more self-managed, a step towards the humanization of humanity. But that will also be a compromise. Of course any boss would be delighted to have employees working with enthusiasm with all their intellectual capacities for the greater glory of the enterprise! If Taylorism has chosen to renounce such possibilities, it is for political reasons, reasons of micropolitics, of control of the workplace, but also for macropolitical reasons: reasons of state. A group of workers which is highly trained and proud of being so, by taking the initiative, can contest management control over the intensity of its work, the sharing of productivity, the utility of the products. And a working class conscious of its managerial capacity can aspire to share in political and social direction. If it wants to reunite what Taylor divided, which is what management may propose, what can the employees demand in exchange? First, obviously, greater stability of employment. No employee will be

cooperative in seeking productivity gains which would lead to his own redundancy! The problem is that a firm cannot guarantee in the medium term assured employment for the same type of work. The guarantee of employment must thus be a dynamic guarantee with both aspects internal to the firm, and social aspects. This raises the question of 'mobility' and of 'restructuring'. Most employees are rightly unwilling to accept mobility between types of work and between regions. Work is only one aspect of individual and social life. Affective and family relationships are the main condition of self-fulfilment and happiness and they require material conditions: stability of communities linked to territories. The compromise cannot relate simply to the 'right to work' but to the 'right to live and work in a place'. This implies a collective involvement of unions in the local dynamic of creation of new employment at the same rate as employment which has become useless disappears. The involvement of employees in 'how to produce' leads on then to concern with 'what to produce'.

The restructuring of the productive apparatus must throughout be guided by two imperatives. First, *the conservation and enrichment of expertise*. It is both irrational and humiliating to neglect the acquired expertise of workers. That is why employees must be involved in decisions concerning restructuring. They contribute their expertise and can demand complementary retraining. This right to retraining and to control over the objectives of restructuring must be a part of the compromise on dynamic restructuring. Second, *the democratic definition of the social needs to be satisfied*. A temptation for the trade unions is to defend their members' present employment. However, these jobs can be dangerous for the community (nuclear power) or of doubtful value (old mines, weapons industries). That is why the control over 'what to produce' concerns not only present workers, but the whole society. New forms of democratic planning must be invented – probably at the regional level, at the level of local employment areas – which take precedence over the 'judgement of the market'.

The sharing of the gains

Supposing that the implementation of new industrial relations allied to the information technology revolution leads to a return of high productivity increases, who ought to benefit? Employees, certainly, as much as firms; otherwise demand stagnating while productivity rose would lead to over-production and increasing unemployment. This can be avoided either by a rise in purchasing power per employee (in direct salary or via the welfare state) or by an extension of leisure time per employee. The latter is much to be preferred: principally, because a massive reduction of working time is the most effective

way to reduce unemployment rapidly. Further, in advanced capitalist countries (unlike the Third World) most of the population have material living standards such that the pursuit of happiness is limited more by 'lack of being' than by 'lack of having'. Even before the economic crisis, by 1968, the mass consumption model was showing its existential weaknesses. People need time to live with what they have; they need to experiment with new social relations, with autonomous creative activities. Even the new goods produced by the electronic revolution (hi-fi, video, home computers) use time while the typical Fordist goods (car, washing machine) were designed to save it. And in the long term, employees who involve themselves actively during their working time will tend also to be active democratic citizens with leisure for cultural activity and education. Finally, a model of development where full employment is based largely on the extension of leisure time and non-market relations is less subject to economic fluctuations arising from international competition. The 'consumption of leisure time' does not lead to imports and there is absolutely no need for protectionism to make music or drama, read novels or make love. To accumulate in the happiness of living' allows more balanced growth and more capacity for democratic regulation of national economies. Of course such a model implies other compromises on the part of employees. As some are currently far below their society's norm of 'acceptable' purchasing power, the counterpart in pay of the reduction in working time must be unequal: the inequality of earnings must be reduced. A new compromise is a compromise *within the salariat* as well as between those at the top and those at the bottom, between managers and workers. This raises the problem of solidarity which in the Fordist model is represented by the Welfare State.

To resolve the crisis of the Welfare State

As it emerged from the century of union struggles with the victories of social democracy in Europe, with the taking into account by conservative or Christian Democrat governments of macroeconomic and social demands, the Welfare State appeared as a very powerful but very particular form of solidarity. Essentially it is a form of compromise between capital and labour in the form of a compromise between citizens. One part of the distributed income is directly subtracted from the purchasing power of individuals and directed into a pool. This pool provides money income to those who for 'legitimate' reasons cannot 'earn their living normally' by working. This norm has schizophrenic, even Kafkaesque, consequences as much for those in work as those out of it.

Those in work, employers as well as employees, pay taxes and charges to the Welfare State to feed the 'pool'. When this precept becomes too heavy, those in

work begin to protest. They are paying for 'idlers', people who do not work. In fact these people would very much like to work, but they are not able to do so for pay and they do not have the right to do so as long as they receive benefits. And they pay the psychological price of this illogicality. If they have no activity they feel socially rejected; they feel like dependent children. If they have an activity (neighbourly assistance, black work) while they are receiving benefits, they are considered as cheats. They can be prosecuted and deprived of their benefits ...

There is a way of avoiding the double schizophrénia of the Fordist Welfare State: the creation of a new employment sector of limited extent (of the order of 10% of the working population, like present unemployment). Its workers, or rather the organizations which would have to pay them ('intermediate agencies for socially useful work') would continue to receive from the Welfare State subsidies equivalent to unemployment benefit (perhaps reinforced by a true citizen's income). They would not, any more than the unemployed, have to pay social charges: the operation would therefore be 'neutral' for the Welfare State. The employees of the sector would receive from the organizations a normal wage with normal social legislation. Their activity, thus subsidized, would be devoted to socially useful tasks: those which are currently provided at high cost (not being subsidized) by certain sectors of the Welfare State itself (care for the sick, help for convalescents); those which are currently provided by the unpaid labour of women; and those which, being too expensive, are not done at all (improving the environment, particularly of poor areas, and so on). In fact since this 'social utility' sector would be subsidized and free of taxes, its services would be less costly and new activities could be opened up. They would not compete with those of other sectors (the private sector, the state) since these sectors take on few if any of these activities, not finding effective demand or not daring to raise enough taxes to finance them. Basically they would only enter into competition with women's unpaid work and black work: excellent! And they would not weigh more heavily on the Welfare State than the unemployment which they would contribute to reabsorb - so long, obviously, as this third sector does not exceed the order of magnitude of current unemployment.

It can be seen that the development of this third 'social utility' sector eliminates most of the faults of the Fordist welfare state. The 'schizophrénia' problem disappears. The tax-paying workers of the first two sectors know what they are paying for: socially useful work. The workers of the third sector have socially better-recognized employment, better for their self-esteem than black work or precarious temporary employment. The microeconomy is respected by the development of jobs which cost the paying agencies little but ensure a stable

income to the workers in them, without bringing them into competition with others.

But there is more. In this new economic sector new democratic social relations could be tried out. First, within the sector it could organize itself in little self-managing cooperatives which could combine training and work with the help of psycho-sociologists and instructors. Next, in its connections with the users it could innovate in the search for new contractual links (neither market-based nor patriarchal nor administrative) for service provision, with permanent control by the beneficiaries (local councils, environmental protection agencies, health services, and so on) over the social usefulness of these activities. Thus this new alternative sector could be a school of self-management, of equality of the sexes and of democracy in the definition of tasks. Although immersed in the market, in pay relationships (but protected by its connection with the welfare state) it could be a new step towards the democratization of economic relationships.

Notes

1. The subsection which follows is a resumé of Glyn *et al.* (1990) and Lipietz (1985, 1989).
2. We see here that Fordism was a 'menu'. The coexistence of Taylorism and pre-Fordist rules of the game in pay determination led to the depression of the 1930s.
3. A long time ago Andrew Friedman (1977) had already contrasted 'responsible autonomy' and 'direct control' as two tendencies in permanent conflict in the capitalist organization of work. We note here the relative independence of industrial relations not only *vis-à-vis* the technology but also *vis-à-vis* other aspects of the internal management of the firm and of industrial organization. This independence remains relative. My view is that new technologies underline the superiority of responsible autonomy (without all the same determining it à la Piore and Sabel (1984)). Moreover responsible autonomy can fit particularly well with the sophisticated forms of industrial organization (JIT, 'network firms' and so on). This goes beyond the field of the present text. On the 'coherent menus' linking industrial relations and industrial organization with their spatial consequences see Leborgne and Lipietz (1987, 1989).
4. What follows summarizes Lipietz (1995) and Mahon (1987).
5. The negotiation of involvement (and involvement itself) can involve aspects external to a firm such as professional training, trade union participation in steering committees at the inter-professional or sectoral levels (as in corporatist states like Austria, Sweden) and so on.
6. If it is not at the international level! The problem of the geographical field adequate for social paradigms is difficult and little explored (see Lipietz 1985, Leborgne and Lipietz 1989). We will bring out this point again later.

7. 'Sustainable' is the term adopted for 'ecologically coherent in the long term' in the report to the United Nations Committee on the Environment, coordinated by Mrs. Brundtland (1987).
8. The pundits of the North have recently criticised the Brazilians for burning Amazonia. However the annual contribution of France (40% of the Brazilian population) to the world greenhouse effect is 20% greater than the total Brazilian contribution.
9. When strong trade unions (like the German IG Metall) take account of the 'newcomers' they include the reduction of working time in their objectives in order to combat unemployment and improve the quality of life.
10. It is a new consequence of the Aoki paradox. On the example of the European Union, see Leborgne and Lipietz (1989).

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