

The Multiple Crises of the Social Welfare System. Which conditions could promote a reform of the welfare state into a welfare society?

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Premise

The section of the forum where I have been asked to present my paper has the theme “Feelings of Insecurity Related to Social Change” and tries to give answers concerning the “Future of Social Cohesion in Europe”. In this framework I have been asked to expose a few points on the following issues:

1. What are the multiple challenges confronting the welfare state in the current socio-economic context of developing countries (demand for further growth, unexpected effects regarding social disintegration, fiscal crisis and inefficiency of the state, etc.)?
2. Given the new social demands and the changes in the offer of goods and public services and the sentiment of insecurity which often follows this, which models should be abandoned in order to develop an adequate vision of current and future problems in terms of social cohesion (welfare society)?
3. What role can the third sector economy play, and how can the ideas and practice of public service as we know them today change in relation to this? What are the expected advantages in terms of the fight against insecurity and the development of social cohesion?
4. What systemic conditions (redistribution of income and jobs) and what new administrative models (integrative planning) will be necessary to manage the reform of the welfare state into a welfare society?
5. What relevance do these considerations have for countries in transition or in development? How can our experience and the new perspectives of limiting the progressive cycle of institutions whilst nonetheless providing sustainable results, be of use to these countries?

In effect, these are issues that – in their impressive vastness and complexity - implicate deeper and articulated answers. They have been the object of my reflection in the last two decades. I have tried to epitomise the result of this reflection in a recent book¹. In this paper (which could be an epitome of an epitome) I will limit myself – trying to avoid superficiality – to listing only some of the conclusions to these questions, eventually referring those whom could be more curious and interested to deepen the arguments to the book itself and to its single chapters.

1. The multiple challenges for the welfare state

There is an endless literature about the crisis of the welfare state, as everybody knows. I think that – as said more attentively somewhere else– it can be seen under the profile of three general factors:

¹ See Archibugi, 2000. Its title is “*The Associative Economy: Insights beyond the Welfare State and into Post-Capitalism*”, Macmillan, Basingstoke, 2000. The Italian edition is by Edizioni di Comunità, Torino 2002. The French edition by Economica, Paris, 2003. For other works see the web page: www.francoarchibugi.it.

1. the financial limits
2. the lack of efficiency, effectiveness, and performance measures
3. the disaffection on behalf of the users

1.1 The financial limits of the public sector

The fiscal pressure of the state on the production of national resources, in order to redistribute income and fund indivisible (and also divisible) services, has in our time reached unsurpassable levels², mainly if we take into account the decline of the growth rate of resource production itself.

Furthermore, everyone knows that the elasticity of total public expenditure on resource formation (GNP) has been for a long time (even if not forever) superior to one, and moreover, is inclined to grow³.

The public expenditures in western economic systems are funded by the fiscal systems. And, except for marginal variations, the state fiscal income elasticity with respect to the GNP (in other terms, the fiscal burden on the private sector incomes) is parallel *grosso modo* to the public expenditure elasticity. Even from the side of the global fiscal pressure, therefore, we have reached a *turning point* beyond which either we should invent “other forms” for funding ever-growing public expenditure, or we should invent some non-public forms of funding those same services where a growing demand is registered.

² The threshold of this unsurpassability, when defined in the past, has encountered clamorous denials. Leroy-Beaulieu, the celebrated economist of public finance of the *College de France*, at the end of the 19th century argued as impossible that this threshold could surpass 12-13%. In the 1920s and 1930s authoritative economists such as Keynes and Colin Clarks argued as impossible that it could surpass 25% (see Cazes, 1981). I ask myself if the role-playing of public expenditure, and of “deficit spending” in particular, would be seen by Keynes himself in the same way today, in light of the present level of state pressure on the whole economy (reaching in the European advanced countries between 50 & 60%). And I ask myself if this effect has been by the participants always keeping permanently in mind the theoretical debate on Keynesism in the years after WWII until today, and by the people who have studied the reasons for the “dissolution of the Keynesian consensus” (see Dean, 1981).

³ However, as has been rightly remarked by an OECD study on the public expenditure trends as early as 1978:

“it could be argued that the achievement of high or full coverage marks a turning point. From that point, further decisions as to increased expenditure are of a different nature. They no longer need to be taken to fulfil the ideal of a minimum to everybody. In many OECD countries the access of all citizens to certain basic services and minimum income levels is achieved. Instead, new expenditure decisions have to stem from conscious policy decisions designed to increase resources per student, or to embark upon compensatory education promoting the chances of the less favoured members of society, or to raise the relative benefits for pensioners or the unemployed, or to gear medical care programmes towards groups more in need of public assistance or whose health profile represents greater risks, and so on... There appears to be considerable scope for 'rationalization' of programmes to gear them better to their objectives, and this might itself be expected to release resources for further selective and targeted expansion to meet new needs and to make some further improvements, especially in benefit levels for the poorest recipients of assistance.” (ibid pp.30-31).

1.2 The lack of efficiency, effectiveness, and performance measures of the public sector

The second crisis factor related to the further development of the public services can be identified in the efficiency /effectiveness crisis of the same. In fact, everywhere – more or less – together with the growth of the demand for public services has also been registered a crisis of their efficiency control. The more they are extended, the less they are controlled. And this is true in spite of the fact that their expansion occurs under the pressure of a true social demand⁴.

The welfare state systems introduced post-WWII in all developed countries demonstrated that big dimensions are often necessary to standardise costs and ensure equal performance with respect to citizens' rights. But we know also that big dimensions have the effect of making constant the adaptation of the service supply or provision to the real preferences change of demand even within the same specific social service.

All this is at the base of the “bureaucratisation” phenomenon: i.e. the development of obsolete or parasitic activities, fitting more to the interest of the officers of the institutions than to the users or beneficiaries themselves.

The best way to control efficiency and /or effectiveness of the public service is therefore to control and steer its performances in every direction. But it is difficult to apply appropriate methods of measuring and evaluating performances if these are not analysed, defined, and assessed through an explicated *goals system*, and related to an elaborated analysis of the best means necessary to achieve them and the enchainment system objective/instrument of the implementation process.

All this can be named “strategic planning”, on which we will return below.

1.3 Disaffection and antipathy

Amongst those factors evoked, the second also gives rise to the third. The lack of efficiency/ effectiveness produces disaffection, as well as an antipathy, in the part of the users. But such disaffection and refusal toward provided services, also independently from their efficiency, can be provoked by the personal preference – beyond a certain threshold of satisfaction of the primary and secondary material needs – for *more “personalised” and less “social” services and performances*.

This phenomenon, which of course occurs when a minimum level of tangible needs is satisfied, is spreading in ever-greater strata of the user population.⁵

⁴ Regarding this point of the efficiency/effectiveness crisis of the welfare state systems, a vast literature has been developed from the beginning of the 1980s, on which I address in Archibugi, 2000.

⁵ In the public domain the presence of “positional goods”, as outlined by Fred Hirsch a long time ago in a kind of ‘economic theory’, is relatively incompatible. However on its basis it occurs the paradoxical (or maybe not at all paradoxical) result that: the more the state extends social coverage and its engagement in favour of the generalisation of its intervention to satisfy emergent social needs, the more the subjective satisfaction of the same needs decreases. See on the subject the

2. The changes in social demand and the consequent new labour market model

2.1 *The transition from the industrial to the “post-industrial” society*

The *post-industrial society*⁶ – commonplace already – is characterised by a radical inversion in the proportions of household consumption: from the consumption of industrial commodities to the consumption of personal services; from consumption valued “at the market-price” to consumption valued in “non-market price terms”, or simply not-valuated at all.

If the *industrial society* has signed a progressive “marketization” of the inter-individual transactions, the post-industrial society is offering to us a new process of “de-marketization” of such transactions, which is all yet to be studied and to be evaluated, beginning from the meaning of the accounting instrument of GNP which is today so felt as obsolete and at the same time so used.⁷

In *industrial society*, the dominant employment has tended to model itself on forms and conditions of factory organization. In *post-industrial society*, on the contrary, independent work begins to re-emerge again, after its tendential dissolution, albeit in different forms. The “labour market” does not become the tendentially dominant and hegemonic model, like in industrial society.

First of all the movement is accentuated and generalized towards a '*professionalization of labour*', already announced in the last phase of industrialization, that of automation. In the industrial sector as well, in fact, the first development of mechanization, which for a long time constituted a factor of degradation of the qualifications, has been succeeded by the latest development in automation, in which in the form of *new professions* inherent to the control of the entire process, labour qualification has been recovered.

But in the *post-industrial society* the movement towards a more extended professionalization is spreading with the spread of the same extra-industrial activities and services (which are not susceptible to the quantification of *output*) all founded on *individual performance* of a professional type.⁸

perspicuous arguments of Fred Hirsch (1976); and those of Tibor Scitowsky (1976) about the “joyless economy”.

⁶ The concept was proposed a long-time ago by many scholars, including Alain Touraine (1969) and Daniel Bell (1973), with the non-defined terminology as usual at the beginning of a reflection.

⁷ Let me say how I am more and more astonished by a kind of predominating schizophrenia within the profession of economists of every school, where it has become commonplace to state that the official accounting system (SNA) does not mean anything, whilst from the other side continuing undaunted, without scruples or reserve, to use it to say if things are going well or badly. I am not surprised about the politicians, who exist to reflect the commonplace even when it is wrong, but about the scholars whose job and duty should be to refuse the uncritical commonplace.

⁸ In the post-industrial society the boom of 'services for production' is developing: marketing firms, advertising agencies, infomatics, etc. But such activities, rather than going towards the large structure, recuperate the professionally self-managed structure.

And in the same industrial activities, whilst in industrial society there is a tendency to absorb services within productive units (the large corporations equip themselves internally with impressive commercialisation, personnel, legal, technical consultancy services, etc.) assuming professionals as dependents, in the post-industrial society the tendency is inverted, and takes up again the tradition of using 'external' consultancy services, in the general decentralization of the operations of many great operational services.

In the post-industrial society, by its very structure, the dominant model of reference is no longer the factory, but the office: and this ends up influencing even the same industrial activities (if not even agricultural production, which is transformed into an *agro-business*). But strong tendencies are manifested also because the office is transformed into a 'study': and the study often is connected to the home. For this reason it is not totally senseless to anticipate the 'study-home', and (telematic) work from home. 'The wired home', or 'electronic cottage', as Toffler calls it⁹. In conclusion, the (employee) 'labour market' is being progressively substituted, as a relevant model of reference, from a 'professions markets'.

2.2 *The transformation in motivations*

Even concerning motivations a great transformation occurs. In the *industrial society*, if progress is guaranteed by the increase in productivity, this is in turn sought for on the basis of an 'augmentative' interest in profits and incomes. It is not by chance that capitalist accumulation and industrial society have been interactive phenomena and strongly integrated. And nor is it by chance that entrepreneurial profit has been considered the basic motivation of productive activity in industrial capitalist society; and that when, for various reasons, it declines, replacement motivations have been found with difficulty, whilst maintaining the productivity rate as the basic indicator of success.¹⁰

The Schumpeterian entrepreneur is the standard hero of industrial society, motivated by profit, who looks in product innovation or the production process for that rate of increase in productivity on which his rate of profit depends (and on the prospects of which the rate of investment also depends). The profit-investment interdependency, discussed in theory, in industrial society is nevertheless largely evident¹¹.

⁹ Toffler 1980, chapter 16.

¹⁰ The Stakhanovism and the public aim of the non-profit enterprise constitute two types of 'exceptions' to the model, which are not always efficient and honourable.

¹¹ All economic tradition (classical and neo-classical) has been based on the postulate concerning the following conceptual dynamism and statistical identity: profits? investment. Marx - as is well-known - took this identity as the basis for his conviction that the accumulation and agglomeration of capital would have an effect on the rate of profit and, through the profit rate, on investment opportunities, to the point of creating ever less investment opportunities because of the tendentially falling rate of profit (see Marx, *Capital* vol. 3, chapters 13 and following.). Even Schumpeter - basing himself on the same postulate - adopted the Marxian concept, first in his *Business Cycles* (1939) (chap. XV), and later in his book on *Capitalism, Socialism and*

In *post-industrial society*, the absence of an increase in real productivity renders problematic the presence and efficiency of the profit motivation as a 'motor' of activity and investment.¹² The expectation of profit would have nothing more to base itself on. Other various motivations take over: for instance, social and professional recognition motivation in the ever-larger range of strongly personalized activities that characterize the “tertiary” age.

The self-management of small business takes over from big business. Technological innovation is no longer exclusively aimed at a productivity increase, but rather at the improvement of the quality of the service and the subjective conditions of the service performance: it is more aimed at the benefit of the consumer and operator than at that of the entrepreneur¹³.

The development of professionalism in every field of the new consumptions and activities has besides produced a transformation within many labour relations. In fact, it is growing a production and consumption area of an associative type, composed of small communities, “local” and “proximity” initiatives, whose impact is growing within the whole economic system.¹⁴ In this associative area, the solidarity and the “service spirit” are overcoming the gain purpose, and the exchange sometimes happens in “nature” or by barter, sometimes with *sui generis* monetary forms¹⁵. This area constitutes – in the advanced economic systems – an “independent” sector¹⁶, an economy for which I am induced to propose the term of “associative economy”, an economy basically motivated by non-profit intentions.¹⁷

Democracy' (1942). Focusing on the question, 'Can capitalism survive?', he came back to the basic ideas about 'vanishing investment opportunities' (chap. X), the 'obsolescence of the entrepreneurial function' (chap. XII), and, from this, the 'decomposition of capitalism' (chap. XIV), and stated that even considering: '....the possibility that the economic wants of humanity might some day be so completely satisfied that little motive would be left to push productive effort still further ahead'...and... 'for the calculable future this vision is of no importance' ...he thought that: 'all the greater importance attaches to the fact that many of the effects on the structure of society and on the organization of the productive process that we might expect from an approximately complete satisfaction of wants or from absolute technological perfection can also be expected from a development that is clearly observable already'...And 'thus economic progress tends to become depersonalized and automatized'. (p.131-133) More appropriate considerations on the Schumpeterian theory of the “transition to socialism” can be found in Vercelli (1989).

¹² For considerations on the decline of the spirit of enterprise by Heilbroner (1976), see a quantitative analysis on the crisis of profitability by Heap *et al* (1980/81), and essays on the phenomena of de-industrialization collected by Blackaby (1979).

¹³ More arguments in chapters 5 & 6 of the quoted work (Archibugi, 2000).

¹⁴ In the vast literature on this subject, see the critical survey concerning the European countries by Laville and Gardin (1997).

¹⁵ See also the excellent, wide analysis by Williams and Windebank on this subject (1998).

¹⁶ The “independent” sector in the United States has reached grandiose proportions and has a big national confederation, which deserves to be deeply studied and taken into consideration (Independent Sector, 1992 and Hodgkinson *et. al.* (eds), 1989. See also Salamon and Anheier, 1996). In addition, see the Independent Sector website (www.independentsector.org).

¹⁷ More analysis of the general effect of this kind of economy is in my quoted book, chapter 11 and 12 (Archibugi 2000). But many other scholars have contributed to the theme development (among them I limit myself to refer to the interesting works of Gershuny, (1978), Hirschman (1980), Aglietta e Brender (1984), Gorz (1988), Greffe (1990,) Block (1990), Offe and Heinze (1992), Laville, (1994).

In brief, these “independent”, “non-profit” and “associative” activities have increased their weight and influence on the entire economic mechanism. And this fact is destined to make many economic assumptions and theorems obsolete¹⁸.

2.3 A crucial change in labour supply and availability

These activities, including labour supply motivations, are producing changes that the economists, entrapped in their interpretative paradigms, have difficulty to recognise.

I entrust myself to Robert W. Fogel (a Nobel Laureate for Economy in 1993) when he recommends¹⁹ a clear distinction in the futurist analysis of the labour market between the *earnwork* (work for earning) and the *volwork* (the voluntary work). And he concludes – after some deeper calculation on the evolution of both types of work – that in the United States: the hours for earnwork, which in 1880 were 81% of the available hours (“discretionary hours”)²⁰ along one entire life year (of one same subject: the Average Male Household Head), (the volwork then was consequently 19%), had decreased in 1995 to 62% (whilst the volwork had increased to 38%). Thus we already live today with around 40% of the hours available for work employed for volwork. But even more stupefying is the projection that he outlined of this trend, according to which in 2040 (still in the United States) the earnwork will decline to 23% whilst the volwork will ascend to 77% (employing around 4/5 of the available time of the average person).²¹

In other terms, the earnwork will tend to disappear, and we are going toward a situation in which the volwork tends to prevail. What will be the behaviour of the labour supply in such a situation? Probably it will answer only to the activity wishes of the worker. (Can we call them still in such a way?). However, could there be a demand of work-for-profit according to which the work obeys no more to a motivation for profit or gain, but to a non-profit and voluntary motivation?

Therefore, how will the demand for work be distributed - beyond the traditional division by classes, gender, activity sectors, countries and regions, and today also at a “global scale” - if we add to the traditional divisions the one between *earnwork* and *volwork*?

At the world scale, naturally we will have the *reserve armies* of the countries that have not yet benefited from a full industrialisation (like developing countries)

¹⁸ This is the reason why my personal belief (based on my “nousemetric” model) is that 'economic science' has been for two third of its development a 'useless science', because it has sought over and over, in different and contradictory ways and in very obviously dissimilar historical circumstances, a *regularity* in behaviour (and thus of 'effects'), which... does not exist.

¹⁹ In a new book of 2000 (see Fogel, 2000) with the title: “The Fourth Great Awakening and the Future of Egalitarianism”, where he places the whole evolution of the United States in a historical framework, particularly the transformations taking place since 1960.

²⁰ He considers “non-discretionary hours” the residual hours of an average day (based on 365 days per year of the male household head) reserved to sleep, meals, essential hygiene, and chores (evaluated steadily – through the times – at 12 hours per day).

²¹ Fogel, *ibidem*, Chapter 5, especially pp.183 and following.

and from the development of a free economic market (like “in-transition” countries). But about this we will speak below.

We could also ask ourselves what will be, at the mid-century, the social component of this large amount of volworkers that will be the beneficiary of the post-industrial development. Also, at the same time, what will be the social component of the quarter of the earnworkers remaining?

It will be difficult to answer with certainty. However, I think that this answer will be one that everybody can give as a first reaction based on past experience. As always in history, the volworkers will be the first comers and the earnworkers the late comers in the scale of social opportunities. At the national scale the late comers will be most probably the immigrants very disposed to working for earnings, while our children, even those whose parents gave blood, sweat and tears to gain, and provide a future for them, want nothing to do with earning a living! And the history-we can say-turns in their advantage!

On a world scale it will be, perhaps, the less industrialized countries that are ready to travel the road of the industrialized countries. These countries will be nurseries (as Italy has been in the Northeast region) of the new modern entrepreneurial initiatives that can constitute the flow of the modernization of those countries.

It is probable that if a globalisation will be developed that is more organized and more controlled, shuffling can occur, and perhaps it could become some new type of “labour division”. Then, in the welfare world it will be researched how to introduce a new system of compensation, of support, and of social “shock absorbers” in regard to this unbalance and social misdistribution of benefits, which nonetheless are suitable for every body (and only an intellectual strabismus could deny it).

3. The growth of the independent, non-profit and associative economy

It is in this sense that I formulate the hypothesis of the growth of a “post-capitalist economy”, an economy based on non profit performances, on aims and motivations not related to the gain, first in the labour performances, but also in the motivations of the organizations, which will become more and more non profit-organizations.²²

Let us give a further insight to the functionality of this kind of economy in the context of the contemporary challenges to security, of the traditional production relations, of the welfare state crisis and of the new needs for a programmatic vision of public management.²³

In the non-profit and associative economy, which does not exclude the “individual” interests of its operators in their personal motivations, the social interests and the “sociality” are exalted. Its most innovative and distinctive characteristic is in its expansion in the fields of *culture, art, scientific research,*

²² More arguments in chapter 11 of the quoted work (Archibugi, 2000).

²³ A support to this view could come from an excellent political analysis by Paul Hirst, 1997.

education, natural environment, politics and “governance”.²⁴ However, the presence within it, also very important, of the field of *charitable initiative* and *social solidarity*, and any form of *humanitarian spirit*, has been, nevertheless, very strong historically, even before the personal interest to profit and marketization was developed together with the capitalist society. Therefore, this presence impedes perception of the historical novelty of the non-profit and associative economy and further impedes enlightenment of its contents of modernization as an alternative to the market and profit based economy.

We can ask ourselves, with regard to this impressive forecasting, how all of these people (three-quarters of the total active population, according to the estimation of Fogel for 2044) could receive the resources they need if they don't work for earnings? Fogel has not been clear about the forecasting method used, but it seems that it is a matter of a simple projection; for a forecast with a span of 40 years we cannot ask for more. For my part, my answer is implicit within the analysis of the change model. Resources will come within the same category of “volworkers”, which will be, to say, *self-consumer* and *self-producers* (Alvin Toffler, a good inventor of nice slogans, calls them “pro-cons”).

Besides, from where are the resources coming:

- for the unemployed (willing or not) of today?
- for the students in permanent parking in the universities?
- for many government employees, (already about one-third of the people who work for earnings in many countries) for whom nobody measures their outcome and results, and whose work is similar rather to a volworker's parking (and if we don't rush to render useful they will be an implosion effect on the system)?

Actually, these resources come:

- from the “turning of accounts” of the public financial system.
- from the households (whose real per capita income is much lower than that of the monetary one, which demonstrates that it could be a big waste if not redistributed in terms of real welfare within the households)
- from the states (like the pension payments and other social transfers – as the idea of a “basic income” itself) which redistributes “resources” and purchasing power.

Obviously, the *productive economic base* remains always the industrial technology and automation which distribute *material goods* for all (and without a bottleneck, on the contrary it is always within a crisis of over-production and market saturation; and the industrial sector doesn't know what to invent to create new needs and to keep the customers).

But, the *new immaterial base* of resources - and this is the new thing that we need to abandon paradigms of the traditional economy that is built on the model of the industrial material base - is a self-producer and self-consumer of resources.

²⁴ All fields which become the crucial fields of the new society. Somebody preferred to coin for it the name “knowledge society”. (See Drucker's book on the “post-capitalist society” (1993) where chapter 1 argues the transition “from capitalism to knowledge society”. For a point of view on the transfer of technology at a world scale, see the essays edited by D. Archibugi and Lundvall, 2001).

The exchange occurs within the immaterial sector itself. Without taking into account that even the volworkers can sell their services, not for earnings but for professionalism, to the sector of the immaterial goods; moreover there are the conditions for their high productivity progress.

3.1 Major or minor social security in the associative economy?

The general theme of our forum is security. Thus we can ask ourselves, “Is the foretold development of the non-profit economy and the growth of the non-profit organisations in relation to the for-profit ones producing major or minor social security with respect to the declining industrial society?”

It is an old dilemma: more opportunity and less security or less opportunity and more security? It seems to me partly that it is already answered by recent history; and partly that it is an idle dilemma. The relationship between market (capitalist) societies and pre-capitalist societies is evident. It has been shown that – historically, dynamically, and with imparity from subjective and psychological factors that are always intangible – opportunity and security in the long run are not at all contradictory. And even the more recent history of the so-called communist countries has given an answer to the question.

The more protected societies with higher coverage of protection are also those that have kept themselves more flexible, with respect to the technological development and occupational trends. The dilemma is also idle because the “material productive forces”²⁵ have anyhow their own evolution, they are resistant to any special impact, and so it is better to accept them and allow them to run, even if with appropriate social shock-absorbers (which I would prefer to call control, or prevention, or programming policies); while the conservative counteractions aimed at making the labour market rigid and plastered, come punctually to be wrecked without sustainable protective effect.

Besides, the western “rich” countries are also those where the protective intervention has been developed more extensively. This means that the greater extension of protection has not damaged but rather favoured the development of opportunities. The strong extension of the public sector has not represented a break, but rather an accelerator of development. And this is an historical verdict for all the people who, denied any lesson of history, have now preached the damage of public intervention in the economy for two centuries (and continue to do so).

²⁵ To use an old Marxian expression (*Material Productivkrafe*) meaning the development of the material and technological conditions of production, that today I associate with the new demand for services, the new activity motivations and the “globalisation” of the knowledge and technological improvements.

3.2 The associative economy relations with the for-profit system.

The non-profit economy - which should represent a spontaneous socialisation of activities and not a social forcing - at the same time, constitutes by itself both a factor and an outcome of the research for more security. It is in fact a companion of a greater desirability of results within activity sectors that manifest to be “socially useful”; otherwise they would not be born. This is the reason why this sector should be sheltered from the insecurities of the variable interest in the markets and of technological innovation. And this is also the reason why this sector should be sheltered from any kind of artificial, non-spontaneous, and of doubtful utility, public intervention.

However, and with all the more reason, even the for-profit system of organisation should without exception be sheltered from protective interventions. To protect employment through direct or indirect subsidies in favour of obsolete productions and through resource allocations when the market does not reveal their utility for the consumers and the public means protecting a labour waste and *not* the social utility of the work. In such case, it is better to induce people to rest, or still better, to encourage it towards the voluntary work (*volwork*).

3.3 Why not a “basic income”?

By eliminating remarkable “institutional waste”, a greater flexibility in the creation of labour opportunities could be determined instituting a “citizenship income” (or *basic income*).²⁶ With it, economic security would certainly increase, without implicating social waste of labour in all the fields where neither the private nor the public systems have the capacity to guarantee the social utility of the same. As said, social hypocrisy such as inventing jobs to aid the for-profit firms (more or less forced and artificial) for products and activities where the utility and preference on behalf of the public is not measured should be avoided, because, in effect, is done only in the name of a defence of the employment level, which is not other than a defence of income.

In such cases, then, I think it is more logical and sensible, and at the same time mature within our advanced economic systems, to introduce such basic income for all (already practised for many citizen categories under other titles, like the elderly, students, house wives, etc.). It is a matter only of deciding how to set up the distribution forms (and some related requirements) and how to establish its compatibility with other predominant forms of personal (by capital or labour) “incomes”.

²⁶ On the “basic income”, after an earlier debate under the form of “guaranteed income” (see Theobald, 1965 and Stoleru, 1973) a large movement which deserves special support has been promoted as BIEN [“Basic Income European Network”, www.basicincome.org]. Among others, see Van Parijs (Ed.), 1995.

3.4 *The Passage from Welfare State to Welfare Society*

In brief, in order to pass from a welfare state to a welfare society it is necessary first of all, to be convinced that not all can come from the state, and much can come from the society. We have advanced into an overloaded State. Some say that we have advanced too much. Others say that we have not advanced enough, or in a good way. Regardless, we all sufficiently agree that something must be done overall to recuperate efficiency and effectiveness in respect to the objectives, and to obtain a general saving on the governmental available resources.

However, are there “the objectives”? It is clear that people of good sense don’t speak about “objectives” in general; and for those who do hoard them together, it means they want everything, and everything together! Also doing so means to speak about objectives which, formulated one by one, we cannot perceive to be contradictory to each other. Objectives are needed that are consistent and compatible with resources, and with adequate priority scales; and moreover, objectives negotiated with the various political and social stakeholders.

On this point, which is crucial to assure the governance, we are still at “square one”. We are totally unable to introduce into governmental management some system of *strategic planning and programming*. These systems are already elaborated on the scientific stage, but they are terribly rejected by the politicians and by the public managers.

In every country, a lot of decision procedures have been introduced, at a bargaining table with stakeholders and an incredible variety of actions, *without any awareness of the results obtained*, in front of any amount of money employed in the different activities, especially in the field of social policy. The relation between *objectives, performance measuring, and program budgeting* is largely absent (the first country that introduced a strategic planning at the federal level GPRA, 1993, was the United States; other European Countries have followed something like it but less systematically and in a more confusing way) in the government practices.

Everywhere, governments continue to operate *in the dark* regarding the *result of their operations*. In fact, without introducing *strategic planning* in governmental services (for instance in the social field: health, social policy, education, environment, infrastructure, etc.) it is impossible to decide with awareness, *if, why, how, until what point*, it is convenient (for the users and for the State savings) to associate in the welfare state, also the private contribution of the people interested, and of the cooperation of the non-profit organizations. The devolution to the non-profit sector (or third sector) of some activities of the welfare state, and the negotiation of contracting out with the for-profit sector for part of the activities, if it is the case, pass necessarily through a demonstrated improvement

- in the management control,
- in the cost analysis,
- in the self-government of the users,
- and in the “customer satisfaction”.

Only strategic planning procedures can render this possible.

Following the principle that the State must “program more and manage less”, we can obtain the wanted transition from the welfare state to the welfare society. However without programming by the State this will never be implemented. Instead, they would implement experiments and attempts more developed by an ideological aspiration rather than by a result analysis and accounting. For this kind of approach it is easier to forecast failure rather than success.

Obviously, what proportion of certain State programs could be devolved to the voluntary private sector, and in as much the private sector can do by itself, without or with moderate contributions of the State, will depend case by case, on the nature of the program, and on the circumstances (for instance the degree of maturity of the private sector, the human skills available, etc.). All of these could proceed only through an equally developed process of strategic planning, sector by sector.

[Hopefully, these points of attack, for the passage from a welfare state to a welfare society could be assumed by the sponsorship and the promotion of knowledge by prestigious international agencies like the Council of Europe].

4. Strategic planning as a reform of “reinventing government” at all levels of public decision

4.1 Managing and steering all sectors of the economy in their interdependencies

Furthermore, in order to guarantee spontaneity and social utility regarding:

- the for-profit firms system, when the “market”, celebrated revealer of individual preferences, reveals also some crises in preference (in the face of which should be applied the same principles of “flexibility” asked for the labour demand);
- the not-for-profit system, whose spontaneous growth is not very protected and funded by public intervention (or funded only for activities, the devolution of which from public to private managing has been demonstrably good business for the public government) would be already by itself a good demonstration of social utility, although not yet “social priority”;
- and finally, the public agencies system itself (which are, or at least should be, also non-profit) which are similarly impacted by political and social pressure toward the expansion of expenditure, but without measuring priorities and performances;

there should be a possibility to know (but also to share in) an *evaluation process* concerning:

- the preferred social and economic goals;

- the available resources for the achievement of such goals (therefore a full consciousness of the resource’s limits);
- the level of efficiency (or productivity or performance quality), which could be pursued or achieved, as means or tools in order to achieve those goals.

4.2 The programming requirements

That evaluation process is named – simply – *programming* or *planning* (as preferred). It is a process that serves to guarantee the political and factual “feasibility” of the aspirations expressed through the definition and selection of the goals²⁷.

Its effective implementation in the public sector activities requires:

1. that any performance assessment (with related measuring, in order to be not disappointing) cannot but be based on a *systematic* application of the method and procedures of strategic planning.
2. that such systematic application includes in its extension the entire agencies system of the public system, in order to meet the goal of making *consistent and coordinating* the contemporary or simultaneous efficiency/ effectiveness of the goals of multiplicity of all involved governments (that is, “governance”).
3. that strategic planning at a government level, to not be fallacious, must be called to account with a systemic and coordinated vision of the objectives and of the available resources, at the scale of the *entire societal organization* of reference; i.e. *including the private sector for profit and the non-profit private sector*.

To that word (programming) some adjectives should be added further–according to if people wish to emphasise, in one case or another, in one

²⁷ For a general appraisal of the programming philosophy, concept, and principles see Frisch (1976), Tinbergen (1964 and 1971), Perroux (1965); and also my own contributions (for instance, Archibugi, 2002b). For the accounting instrumentation of a new programming system at a national level, see Archibugi (1973). For the contrast between the traditional “economic approach” and the “programming approach”, see also Archibugi (forthcoming). It is useless to say that the societal and strategic programming and planning, of which people feel the need, have nothing to do with the Soviet planning, the characteristics of which were developed not on the methods, rather on the absence of any form of revealing of preference and expectations by the people, which are summarized by the word “market” (sometimes not appropriately). I owe to a private conversation with Wassily Leontief a “sailing metaphor” in order to distinguish, without opposition among them, but rather convergence, *market* and *planning*: the market is like the wind which provides energy and movement, planning is like the steering wheel which provides direction. In order to navigate well, and without risk, *both are indispensable*. In the Soviet Union wind has been undervalued, and people navigated in stagnant water (and moreover, in a direction which obtained only the consensus of a totalitarian power and class). In the Western advanced countries the market has provided *dynamism and speed*, but without the *route and destination*, resulting in wandering, with the risk of several whirlpools. In our countries often one thinks that the speed in itself could surrogate the absence of destination.

environment or another, some essential “attributes” of it, considered alternatively an important aspect of the same; for instance:

- “Strategic”: which enlightens the “objective /instruments” connections that have developed all along the logical process of programming²⁸;
- “Integral” or “unified”: which must unify a multiplicity of aspects (usually classified as “economic”, “social”, and “territorial”)²⁹;
- “Systemic”: which enlightens the need to begin with the knowledge of the inter-dependencies or interactions between phenomena, and of the feedback effects which normally occur among actions³⁰;
- “Structural”: which recommends to be aware of the “multi-dimensionality” phenomena, like different territorial levels (from urban communities to the regional, national, multi-national, or global community), or different inter-industrial levels (agriculture, industry, tertiary and related subsections), different levels of social structures (class, education, or income level).³¹
- “Participated” or “negotiated”: which means the involvement of all the *stakeholders* in its choices and decisions, i.e. those entitled to be interested in the effect of such choices and decisions.³²

The attention and the emphasis on each of these attributes, and eventually on others, should not make forgotten that any programming, to be such, must encompass – at least on the theoretical level – all these attributes simultaneously.

Programming therefore is the way to guarantee that the political choices of the welfare state are made on the basis of *assessed priority*, and therefore could be “rational” in an environment in which the social pressure is stronger, and any public intervention is in organic conflict with the availability and scarcity of resources, even in the most rich countries. Furthermore programming is also the way to guarantee the *feasibility itself* of the choices and decisions, the *mitigation of the social abuse of power* due to the market power; and the *participation of the citizen* to the choices themselves. All this is not a secondary aim of any kind of government interested to matter, and it is also the condition of effective political consensus.

²⁸ On this subject, see the pioneering work of Friend and others (Friend & Jessop, 1969), (Friend & Hickling, 1997); and more recently, Bryson (1995) and Archibugi (2002a).

²⁹ This subject has been dealt with largely in the 1960s and 70s by a legion of urban planners, like Chapin (1967 and 1985), Perloff (1985) Friedmann (1987), Lichfield (1996), and also at the UN level (the works of UNRISD, 1975 and 1980).

³⁰ Among the vast literature see Catanese & Steiss (1970), Chadwick (1971), Faludi (1973), McLoughlin (1969).

³¹ In this field I quote only the “big names” of Leontief (1966 and 1976) and Frisch (1976), but I would like to refer also to some interesting seminars and papers promoted by the UN Economic Commission for Europe on multi-level planning and decision making (UN-ECE, 1970).

³² Let me remember less recent contributions (like those of Davidoff, 1965; Bolan and Nuttal, 1975; and Fagence (1977); and among the vast literature of “planning theorists”, that named as “communicative turn” (like Patsy Healey, 1997; Forrester, 1999, and others).

5. The globalisation challenges and the development of a “Welfare World”

5.1 New challenges from global approaches

At the same time, the programming of the use of scarce national resources according to preferred social goals is also a way to resolve new critical problems of the welfare state in respect to, say, its present international challenges and needs.

However it is time that we realised that the welfare state, beyond its own crisis of development, we can say “internal” (as described above, which we can define “classic”), is challenged by some other factors:

- the aging population in western countries, not followed by a parallel renewal of protection methods for the elderly (as the retirement age increases, for instance) and not even an “open society” policy in respect to immigration of a new labour force to guarantee the needed productive and special dynamism already acquired;
- the need to give more attention, more means, and more policies (always in the frame of the scarce available resources) to the development of the *poor countries*, even in relation with the intensification of the economic relations between rich and poor countries and of the need to ensure more national and worldly security to such relations.

The charge to the national welfare countries to assess things only egotistically, and by that to meet special crises, is not new. Nobody can forget Gunnar Myrdal who, since 40 years ago, has enlightened and argued the need to go “beyond the welfare state” by means of programming, and at the same time, the need to push it to a globalist vision.³³

In fact, the European societies that have implemented the largest formal welfare state coverage have been facilitated in their successful redistributive policies by the fact of being relatively “closed” societies.³⁴

³³ Gunnar Myrdal, in his book “Beyond the Welfare State: Economic Planning in the Welfare State and its International Implications” (1960), states with numerous arguments and analyses that the “welfare state is nationalistic” (p. 117 and foll.) and that to go beyond the welfare state, in order to avoid crisis, means to correct it with economic programming and with a “Welfare World” (p. 130). The Myrdal book seems to me of a surprising foresight, and I could not honestly find words more appropriate to describe the present necessity of “internationalization of the welfare state”.

³⁴ Meanwhile the more open western societies, which in the last fifty years have registered the highest immigration rates (especially the USA, Australia, Canada, etc.) – rates absolutely incomparable to those of the European countries with stronger immigration (like Germany) – have not reached the European level of welfare state cover (participation rate of public expenditure on the GNP on average is inferior to a third of the European rate: 30-35% compared to 50-55% European). However, that this greater coverage index could correspond to a real greater social performance and to a flatter income distribution curve is yet to be demonstrated. Much depends on the accounting paradigm used. Without troubling the most authoritative theorists of the subject (from Pareto to Kuznetz, from Hirschmann to Sen), the “distances” between richest and poorest cannot be taken, without critical sense, as indicators of a greater integration or social welfare. In any social organism what I have once called the “millipede effect” must be taken into account. As

In the Europe of the EU the crisis of the welfare state risks to be devastating, just because of change at the structural level of the conditions which allowed it, and which today no more allow it: i.e.

- a national labour market relatively closed;
- a labour supply for industrial and dequalified jobs no longer existent;
- a ceiling achieved of public expenditure that can no longer be pierced;
- a decline of efficiency in public performance due to rooted habits of untouchable bureaucracy, conservative and parasitic; and finally
- the well-known autochthon demographic aging which makes the system rigidities worse

This is why the insecurities increase in total; insecurities that other more open systems don't register because they have less rigidity, more flexibility, more welfare bargained against real performance, and more opportunities to pierce without irreparable damage the ceiling of social performances, compared to what can be done by the European countries, alas still classist and less open, more "protected" and less "integrated".

Paradoxically, the welfare state, rightly celebrated in the industrial society age as a socially advanced acquisition and still worthy in those areas where old and obsolete structures of the changing industrial and capitalist society survive, has become a braking and conservative factor in respect to new and more effective forms of social development and true social and dynamic integration. In this sense the Europe of the welfare state seems to produce more insecurities in respect to acquired positions and privileges not produced in the countries of the western "new world".

It is undoubted that we are still in the presence of an incomplete globalisation. The challenges to which we are not giving satisfying answers are very great; even if it is true that such an incomplete, spontaneous and also wild globalisation is giving anyway its fruit.³⁵

far as the millipede marches along the way, so far the head becomes further from the rear; as far as it is steady, so far the head closes in on the rear. Would we be disposed to say that the vitality and social integration is so much stronger as long as the society is steady? I think it useless to say that most of the developing countries show this characteristic, but at which average per capita income level? And at which level of opportunity for change, for classes and individuals of the lower strata?

³⁵ A glance to the paces and rhythms of development and of modernization in the leading countries of recent industrialisation (formerly LDC) - like Hong Kong, Singapore, South Korea, Taiwan and today China in its most important urban centres, and we hope soon Malaysia, Thailand, Vietnam – leaves no doubt on the way to be followed. It is not the way of the "wishful thinking" of western ideologies, but that of the *real and sustainable material welfare* of these people; the way which these people, if not troubled by various and anyway conservative (if not reactionary) fundamentalisms, have decided to not renounce.

It is not by chance that today the areas of the world with the most turbulence, the most critical and hot, more endemically inclined to conflict and war, and hence greater producers of social economic insecurity, domestic and international, are exactly those still *untouched by the globalisation process*; and those which reach still yet to *grasp*, in one way or another, to that process. And, look to the case that these areas are also those that produced and still produce the worst form of civil and democratic conviviality, the most intolerant form of totalitarian violence of a political origin, of ethnic and religious persecution and "cleansing", of deportation and genocide.

5.2 *New contradictions of the Welfare State to be solved at a global scale*

We live in a new “state of things”, the globalized one. But in this new state there is no *law* and *order*, and therefore there is no *security*.

In the face of the new state there has not been enough growth – in spite of the laudable efforts of the community of nations within the UN – of a *world police* and a *world legislation*. The benefits of the end of the Cold War and the entry within the area of the democratically advanced nations of the past communist countries, risk not giving the beneficial fruits in terms of *security* and *peace*, if the basis of a *world government*, solid and stable, is not strengthened.

Here it is not the case to enter the debate concerning how to build a stronger, capable, effective and stable constituency and a world government, and how to reform the United Nations.³⁶

On the other hand, it is not an anti-globalisation action to help the transition to the new order capable of facing the contradictions between the new “productive forces” and the production and social relations – that are, we can also say, still persistently capitalistic (but ready to transform them, as seen, into post-capitalist).

³⁶ Among the classical treatment of the matter there are the wellknown networking works collected by Richard Falk with others along several decades (1969, 1975, 1976, 1981, 1982, 1991, 1993, 2002,) and his own very important contribution (1992, 1995, 2000, until the last on “the great terror war” guerra del terrore, 2003). Among the endless literature on the political institutional implications of the globalization, I point out the literature developed about the *cosmopolitan democracy*: for instance the introductory book edited by Daniele Archibugi and David Held (1995) on the cosmopolitan democracy and a new World Order, and later other interesting collections of essays on the same theme progressively improved like, the books edited by D.Archibugi, D. Held, and M.Koehler (1998), by Held and others (1999), by B.Holden (2000), by Held and McGrew(2002) and by Held and Koenig-Archibugi (2003). I will limit myself to summarize some personal opinions.

First I think that for the UN reform, and to build a “Welfare World”, we should be able to go beyond the paradigm and the relations between states or “nations” (I will call them “diplomatic relations”); beyond dancing the minuet of the “Rights of the Nations”. (Which “nations”? Do we include the fascist and totalitarian nations which are brutally practicing political oppression, genocide, mass and individual deportation and persecution, terrorism, religious fundamentalism, tribal law etc.; the nations that are potentially aggressive and are preparing armaments and weapons of mass destruction?). I consider the “political scientist” approach a little too delicate, in the name of an old scientific paradigm “nec ludere, nec flere sed intelligere”. May be I am biased by sharing the experience of a generation which has known the tragedy of the totalitarian regimes and the real damages of a World War promoted by the excitation of the totalitarian propaganda in the squares, and promoted by hierarchical parties steered by self-legitimizing leadership and dictatorship.

My conviction is that an abreast political science should start on the postulate (if you want, paradigm) of the condition for any progress of a polity (in the true sense of the word) should be anticipated by the elimination of any form of totalitarian spirit in the groups and among the people. Lacking this, any proposition, any argument, any “theory” could be subject to so many constraints, so many causalities, historical, cultural, economic, to prevent arriving at any reasonable conclusion. They would be only academic (and really, useless).

The first danger for the real “peace” is the survival of a system of dictatorships; and to knocking them down – before any further escalation – is the first task for an international peaceful movement. Here the contribution of the policy sciences should be not-at-all useless. Granting the

However, it must be said here, that against the regime of the totalitarian “countries”, and in favour of their people, it is urgent to strengthen and multiply the institutions of a World Organisation (or Federation) or World Republic, well based on the experience and style of the most advanced democratic countries that are pluralistic, multiethnic, multifaiths, and multireligious. Without dreaming still to a supra-national federal (or confederal) world constitution, it would be necessary to set up some programs of multi-lateral and multi-national interventions at the world scale, with a stronger independency from the single local political regimes, or rather, subordinating them strictly to political and democratic control by a World Authority. Such interventions should not limit themselves to the socio-economic field, but also concern the military-political one, with declared intentions of a general security policy. All this could contribute to:

- Impair the formation of local profiting classes and tyranny.
- Guarantee of a more effective monitoring of the respect of human and civil rights in the incorporated countries
- Introduce a permanent official assessment by a high World Authority of the conformity of the political acts of the individual states to the principles of the established international legality
- Impede that a single capitalist country could manage its own political and economic relations with local totalitarian regimes, in the name of a hypocritical policy of international solidarity

objective, without discussion, a legion of experts should debate for every totalitarian country, *how to do*. I am aware about the coefficient of voluntarism (sometimes defined as *Don Quixotism*) that is incorporated in this point of view. And I confess to like the savour of “extremism”. But the opposite attitude, full of legitimate reasoning, very developed in the traditional political science, or political philosophy, give me the old savour to try again – under new and more sophisticated dressing – to find if it is true that *homo homini lupus* or not. Well, we can accept definitively that *homo homini lupus* is a true proposition. Or – alternatively – that it is not true. We have in the social history and in individual behaviour, millions of testimonials for both theses. And probably, the same happens for most important theories debated in the political sciences. (Somebody will be ready to conclude, in these cases of failing of “scientific” research, that nothing can be done against *fatality* and *complexity*. The first, an old god, and the last a new god of mankind).

However, it seems to me that the effort of Condorcet to see in the history a continuous progress of mankind can be prolonged into the last two centuries. Given the numeric expansion of mankind, in these two centuries, it is probable that tragic political events have been extended, too. But I cannot have the courage to deny the many progresses, not only material – as some pretend – that have been obtained, and also in great proportions, in the values and the rights and sociality.

Moreover, there is too much of a smell in certain “peace movements” of today of the same people who were organising the “peace march” against the “Western Imperialism” and not against the Soviet Dictatorship and Armament; and there is today also the smell of people by fundamentalist credos of many sources, who are against the modernisation of our society and of the backward countries.

- Impede that single countries could develop armament programs, and secretly develop the production of weapons of mass destruction; or programs that should be under the rigid control of a World Authority.

Weapons of mass destruction constitute a factor of great risk. It would not be wise to ask that countries with deep differences in their democratic credibility, and that cannot but represent – on the basis of the permanent manifestations of hostility on which their regimes are founded against the free and advanced world – a constant threat to peace and world development, should pose under common rules. The game of formal respect for the spurious national “sovereignty” has been in the past (past communist countries, past military and oligarchical regimes in Latin America), and can be in the future (see presently the case of North-Korea, Cuba, Vietnam, Indonesia, and the majority of the Arab and Islamic countries), only a weapon of all brutal, fascist, totalitarian regimes, to have their hands and power free against the freedom and moral and educational improvement of their people, against free elections and parties, free associationism (political and unions), free pluralism in the institutions, even if in an economically backward status. Can we play a role of “democratic” cooperation in the world institutions with these kinds of countries?

Between the democratic countries, it is urgent to develop – as large as possible – a world law and legislation (*de jure condendo*) that must be soon established with specific statements of constitutional and judicial democratic principles. In these cases it seems to me that the unilateral use of force by a World Authority created by democratic and advanced countries (unless for opportunistic motives, case by case) is not at all to be censored, if used for the purpose of *prevention of crime against humanity* (not different from what already occurs in the fight against crime within every country). This is the real globalisation, and the manifestation of a real consciousness of world citizenship.

It should be clear that more law, order, and security include the reduction of quotas of national sovereignty, and from the point of view of the states of welfare, a diminution of acquired privilege, and an increased willingness to open their society, and to accept an overloading of work and expenditure, all things that can be condensed into two imperatives; *more programming*, and *more flexibility*.

Programming means more long-term vision and evaluation against actual interests and advantages. Flexibility means more freedom and progressive attitudes, against resistance to change and modification of habits and momentaneous apparent “securities”.

In our welfare systems, more programming could mean to destine greater resources to the development of relations not only in economic field but also in social, human, educational and political field, both with the in-transition countries and with the “poor” countries.

I think that it would not immediate for many of these countries to jump the stage of a development based on industrialisation, of a more-developed marketization, and to assume the profiles of a post-industrial economy.

Therefore the non-profit and associative organizations are a heritage of the last stage of the most advanced industrialisation. I don't think the same strategic

characteristics presently in those countries already advanced, moving toward a post-capitalist society could be implemented in either the “in-transition” or “developing” countries (and of which I have treated in this paper). However the non-profit and associative organizations and activities could be a great occasion of integration and push toward development in the poor countries. To be active in the modernization of such countries could become the preferred field of action for a great number of western youth, European and non-European.³⁷

And especially, *socio-economic programming* similar to that of the western countries could be transferred to a *world scale*, setting up a more extended cooperation between advanced countries with human and capital resources managed under a multi-lateral responsibility.³⁸

³⁷For instance, some connection could be studied between the basic income for youth and some voluntary activities for a brief period of their life in the poor countries, with special programs of modernization and education launched by the World Authority.

³⁸ In other terms, I am convinced that it is time for a relaunch and an update (on behalf of some international agencies, preferably associated) of the RIO project (*Reshaping International Order*) that has been set up in the 1970's, on the initiative of the Club of Rome, by a group of scholars coordinated by the Nobel Prize Laureate Jan Tinbergen (Tinbergen, 1976) and of which people have lost the heritage.

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