

# Beyond Capitalist Planning

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## Planning for Development

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It has been argued that the current crisis of the Western European economies is fundamental and structural, rather than cyclical and short-term. It reflects major changes in economic power, not least the rise of dominant big business in what has been called the meso-economic sector, and an undermining of the relative influence of the modern capitalist state on economic activity. It also reflects general changes in private consumption demand for consumer goods at prevailing levels of unequal income distribution, and a trend to technological unemployment in even the 'modern' sectors of activity. The crisis is both ideological and political.

This crisis in ideology and democratic power relates therefore to structural problems inherent in a far-reaching transformation of the market economy and society. These changes, some of which have in fact generated major social advances, particularly in conditions of employment and social security, have not been accompanied by new up-to-date methods for analysing or managing the social side of the economy which, by introducing different means for democratic control and distribution of growth, could transform the present crisis through a new mode of planned development.

Effective action against structural unemployment and inflation must, therefore, work towards two objectives. A transformation of the postwar model of growth into a new model of development, which in turn will demand new perspectives for predominantly social rather than private allocation of resources, with an extension of social versus

private consumption. This calls for urgent action at national and Community levels to deal with the behaviour of meso-economic firms, in the structure of supply of goods and services, the formation of prices, in employment and in capital markets, where they now occupy a dominant position.

The achievement of such a new model of development will in part necessitate new economic and social planning based on a coherent and democratic choice of priority social aims; a permanent but flexible system of social negotiation for change—in particular extending the role of trade unions beyond conventional bargaining on wages and working conditions, whose terms of reference are established at present by public and private capital.

It would be foolhardy to try to put forward immediately any miracle solution to these problems, which would amount to nothing less than a social transformation. Nevertheless, the main elements of such a transformed mode of development are clear, and could be implemented at Community or national level, with varying degrees of intensity.

### *Redefining Economic Strategy*

If our society is to tackle structural unemployment and inflation effectively over the long-term, it is essential to make and to adhere to a coherent strategy for society and the means of achieving it. This means major changes for our institutions. The success of such an effort will depend essentially on changed relations between the three main economic and social actors in the present system: government, the trade unions, and the business organizations. It must concern the following new dimensions.

*A widening of the scope of negotiations* between those involved in economic life, both in terms of content and of those who participate in negotiations. With regard to the content, it is important to take into account not only the role of the direct income of the parties involved (wages and profits), but also distribution (unearned income), indirect factors (taxation,

transfers, community services), and qualitative factors (working hours and conditions, decision-sharing within the firm);

*A democratization of decision-making*, between central and local government, employers, and trade unions;

*A new institutional framework for negotiation of change*, grouping together government representatives and professional and trade union representatives. It should be made obligatory at least to consult with such a body, though the views expressed by its members on the main options of short- and medium-term economic policy need not be the same;

*A reinforcement of the primacy of political debate and a widening of political decision-making*. This implies the strengthening of parliaments, which should be put in a position to make the main decisions concerning society;

*A new planning framework to help the representatives of the relevant social groups to implement choices once made*. The bodies officially or unofficially responsible for preparing the technical groundwork for planning could make better use of their role and experiment with more effective forms of dialogue and negotiation. Without it, they will be condemned to the preparation of forecasts, lacking the capacity to implement real change itself.

### *A New Model of Development*

Fulfilment of a new model of development will be subject to a number of fundamental constraints.

First, the choice between various aims in our societies. At present, governments and the main social pressure groups call at the same time for a continuing increase in material living standards, an improved quality of life, more social equality, more autonomy, and more public involvement, etc. Some of these objectives clearly must be given precedence over others.

Second, achievement of a new model of development will have to be a *long-term process*, since it will require far-reaching changes in the structure of production and employment. However, the pace of adjustment will probably be faster and

more dramatic in the years ahead. This will increase social risks and disrupt accepted attitudes, especially as growth is likely to be slower in future. New methods will have to be established to ensure that such changes can be made without jeopardizing the objective of full employment; for instance, a reduction of the working week with an equalization of the right to work.

The new model cannot be developed in isolation from the global economic and monetary framework, the considerable uncertainties stemming from the need for a new international division of labour, from the struggles between countries over the distribution of wealth, etc.

These trends will raise difficult problems for government economic management: reshaping the pattern of consumption, investment, and competitive capacity, renegotiation of the distribution of employment, etc. The solution to these problems can only be found through new forms of planning, for change of the economic system, with new processes of democratized negotiation for change.

In such a new model for the development of society, greater attention must be paid to the qualitative factors which increasingly determine real welfare: increase in leisure time and leisure use, improvement of working conditions, protection of the environment, and changes in public intervention (e.g. public transport versus private transport).

It is therefore essential that the public's desires and needs should be more fully understood and represented. The information supplied by the market must be supplemented and corrected by other means, such as surveys and polls; development of social indicators, etc. An increasingly large proportion of national product should be used to meet these needs, reallocating resources and making choices as necessary.

This new emphasis on qualitative factors will mean that there will have to be a reallocation of national product. This in fact is in line with adjustments which anyway have been made necessary by recent events – the fundamental aim being to curb the increase in certain types of expenditure to free resources for other expenditure, to produce the exports required to offset the recent rise in the cost of some imports, and to provide aid to developing countries. These changes will call for a major

reorganization and social control of the structure of production. They must be accompanied by action to align the structure of incomes with the new social pattern of production.

As regards *private consumption*, steps must be taken to promote the production of goods of better quality and durability, fight against artificial obsolescence and to curb the overall increase in private consumption in the medium-term. Such measures – which in aggregate should be offset by an increase in *public* consumption – should include:

- stimulation of personal saving and in particular medium-term saving;
- review of certain forms of bank lending and consumer borrowing, including credit cards, etc.;
- review of certain selling techniques, such as mail-order selling, tie-in sales, etc.;
- reduction of superfluous advertising not only on a voluntary basis, but also through organizing corrective and comparative advertising, etc.;
- curbing certain specific types of consumption (i.e. those which endanger health, spurious innovations of the 'me too' variety;
- no longer relying on tax measures alone to reduce consumption;
- organizing and extending consumers' rights through protection of health and safety; information and education and consultation and representation.

As regards *public sector consumption* (and social transfer payments), the necessary reforms must be carried out to make measures in the field of health, social security, education, etc., more socially effective.

As regards *investments linked directly to production*, the aims must be to:

- promote the investment required to carry out the structural adjustments made necessary by changes in relative prices, in particular in the field of energy and raw materials, the new international division of labour, etc.;

promote a more stable pattern of economic growth related to the objectives of social use and consumption, negotiated through new planning procedures focused on big business in the meso-economic sector;

use taxation and greater selectivity in the granting of credit to discourage over-investment and the innovation for its own sake associated with the practice of model differentiation and 'planned obsolescence';

possibly create a Swedish-style investment fund into which companies would have to pay part of their profits, and from which the resources could be freed only after consulting or obtaining the agreement of the trade unions.

In the field of public-sector expenditure, given the emphasis being placed on qualitative factors, priority must continue to be given or be restored to social and human investment and services, despite the fact that this entails greater operating expenditure than public investment in purely economic infrastructure. For one thing, such public and social services have in many cases been neglected or run down relative to private consumption. Further, the expansion of social services is a key area for long-term absorption of a workforce which cannot be assured industrial employment under conditions of displacement of labour through technical progress.

Also, the key criterion should be the quality of the service rendered to the population and not simply the financial cost of the investment. The investment and the operating expenditure required to put it to full use should be treated as one cost. Orders for social infrastructure projects should be undertaken in the context of a planned restructuring of resources. Interrelated projects must be planned jointly, both to cut the cost of the investment and to enhance the service provided (e.g. coordinated policy for public transport, housing and town planning).

In order to ensure that public investment schemes (especially in recreation and the arts) provide an optimum return in terms of social use on the funds available, account must be taken when selecting and planning such schemes of the views of the public who are the potential users of this infrastructure. Through

direct exchange of information and representation, working people themselves should be able to determine what facilities they want and need, where and when. Such steps must be taken if all sections of the population, and in particular the least well off, are to reap real benefit from new schemes to promote social leisure and cultural infrastructure.

### *Structural, Social and Spatial Change*

As already indicated, *employment policy* must be reconceived to take account of the trend to technological unemployment in industry and the lack of entirely new labour-increasing industries on the present technical horizon.

This should involve a redefinition of the right to work, transcending either the pure market right of workers to offer their labour to employers on what terms they can find, or the general right of 'full employment' implicit in the welfare state commitments of the postwar period. The structural unemployment trend now makes plain that not all labour can be fully employed indefinitely, at whatever wage.

Technical progress in some industries could ensure a forty-hour week plus overtime for some workers, but would entail permanent or quasi-permanent unemployment for others. Lower wages for labour in general would not guarantee full employment, on the macro-economic side, through an implicit reduction of effective demand in the economy as a whole, with its disincentive to expanded investment and productivity.

Employment policy therefore should be reconceived in a social context, in which the gains from productivity no longer accrue mainly to capital, with the costs paid by the labour unemployed. If technical progress is to prove a boon to society, rather than a bane for individual groups of workers, its benefits through raised productivity should be more equally distributed through society as a whole. This involves both income and jobs.

On the income side, public policies should focus on the redistribution of income gains from productivity between industries and other sectors of activity. This would involve new dimensions to fiscal policy, transcending not only the present



vain subsidy of private profit by public money (through non-taxation or tax remission) but also a selective tax policy, with different incidence in different sectors of activity.

Incomes and jobs are clearly interrelated. With advance on the side of productivity and its redistribution, it would be conceivable to reduce working hours, days or weeks in the year while assuring increases in income to labour. Similarly, with a reduction in necessary labour time in individual branches of activity, more people could be employed both in the individual sectors concerned and in other sectors of activity financed through the re-distribution of productivity and income through the system as a whole.

This *structural* dimension to new policies for employment and productivity clearly implies a major *social* redistribution of income between different social groups and classes. This should entail two main dimensions.

First, what is known as the social wage could be increased beyond the minimum conditions established in unemployment benefits, family income allowances, supplementary welfare benefits, etc.

Second, the concept of a basic minimum wage should be enlarged to a policy for a basic minimum *income*, both for wage earners and for those who are unemployable because of disability, age, etc.

The macro-economic feasibility of specific increases in these social and personal incomes will relate to the degree of progress possible in specific countries through new forms of planning and social negotiation of change. In this context, the maximal impact of a minimal number of meso-economic enterprises makes feasible a coherent degree of planned relationships between productivity gains and income distribution.

In addition, these structural and social dimensions to change should be related to the *spatial* distribution of gains from change between regions and urban areas, including concentrated unemployment in inner cities.

The structural change entailed, and the regional and urban distribution of a balanced employment structure, will clearly necessitate a relative change in the balance of public and private power in resource allocation. New intervention, spearheaded by

public enterprise in the manufacturing or 'transformation' industries will probably be necessary to offset private capital's investment hesitation and preference for central area locations.

Experience has shown that the scale and nature of regional aids available (subsidies and transfers) are insufficient to reduce persistent regional differences. Their impact on location is minimal, certainly in the case of large firms in the meso-economic sector which are best equipped in management terms to establish new industries in less developed regions.<sup>1</sup> The budgetary cost of such ineffective intervention also adds to inflation inasmuch as the available funds are often wasted, for example, on the large firms which need the least assistance. Meanwhile, the reduction of effective tax revenue acts as a disincentive to government reflation. Such measures can be fully effective only if they are part of a direct and selective planning of investment with specific quantitative objectives.

The ideas outlined above may seem inappropriate in the present climate of recession. However, the preconditions for recovery should not be obscured by the immediate and damaging short-term features of the present crisis. It is for this reason that 'reflationary policies' should break new ground and be based on a new approach to development, new consumption patterns and new dimensions to social policy. Now is the time to prepare the way for a future development pattern that is more consistent and less anarchic, more socially just and less inflationary, especially granted the fact that the traditional remedies have proved so ineffective and so incapable of combating the combination of inflation and unemployment.

### *Planning for Change*

The present frequently oligarchic and literally élitist processes of decision-making in society are largely unsuitable as a framework for implementing the above recommendations, and in practice tend to inhibit or obstruct them. If progress is to be made in changing the model of development, parallel changes must be made in the access of interested parties to decision-making on change itself. This would mean not only an

enlargement of the area for negotiation of change to include wider trade union involvement, but also an enlarged role for representation of consumer groups, regional and local representatives, and so on.

Such access will only be effective if it is based on both a widening of existing information, restricted at present to governments, and the elaboration of new forms of social and economic accounting.

This elaboration should be three-dimensional and parallel the analysis of the case for change itself. In other words, it should be *structural*, *social* and *spatial* in content. It should aim to provide not only a new scenario of the possible, but also create the framework for actual change in the use of resources in a democratic planning framework.

The various parties involved in negotiation – including government, management, and unions – should be given every opportunity to obtain information about the methods of analysing and evaluating data already available, and help to determine priorities for enlarging the scope of national accounts and other statistics.

*The new disaggregated accounts* should cover the following:

- social consumption and investment;
- a cross classification of production – particularly of national product – by function and economic category;
- incomes broken down by category, economic sector, socio-economic group and income bracket;
- regional accounts;
- accounts of real and financial assets;
- welfare indicators.

The performance of large firms and multinational companies (the meso-economic sector) should be represented as a new and supplementary dimension to both existing national accounting categories and to the additional categories proposed above.

In terms of such standard categories as production, investment, employment, imports, exports, etc., this should mean an identification of the individual meso-economic enterprises responsible for half of the macro-economic totals,

with a disaggregation by individual sub-sectors. Similarly, the new social indicators should be co-ordinated with and related to existing conventional national accounts.

These new 'enlarged' accounts should be made available as a term of reference in wage negotiations and trade union negotiations on working and social conditions, as well as in national negotiation of economic policies. This should include annual budgets and medium-term programmes in order to assess performance against objectives: e.g., direct income (before and after taxation); social transfer payments, public and social infrastructure, increased leisure time, the reduction of inequalities, improvement in the quality of life and working conditions; the accounts of central government, local authorities, and social security institutions in order to coordinate their activities and thus eliminate duplication, waste and the inappropriate allocation of resources in relation to the objectives pursued; plus the various negotiations about social conditions including employer - trade union agreements.

Not only should the scope of negotiations between government, management, and unions be enlarged (by quantifying qualitative aspects as far as possible), but the main objectives and their interrelationships should also be specified and integrated into 'reference tables' to provide a coherent accounting framework.

These new terms of reference should take account of the following factors:

- the interrelation of productivity, production, capital employment, absolute and relative prices, returns to factors of production and unemployment;
- the interrelation of the revenue and expenditure of public authorities (including local authorities), disposable income and the allocation of national product by function and sector;
- the interrelation of the financial resources of the various sectors (variation in their commitments and claims), the monetary base, and exchange rates.

Each table would imply a choice between several basic aspects e.g.:

investment-labour ratios, productivity gains, etc.;  
public or personal distribution of productivity and income gains;  
production at home or abroad in one region or area rather than another, etc.

The tables should also include general norms or guidelines on utilization of national product by sector and region; public revenue and expenditure; the public-private sector mix.

These tables could be used for forecasting future trends and preparing alternative strategies. They also could show clearly the consequences of attaching more weight to one specific objective and demonstrate how it can be attained. Once several alternatives had been prepared, the next step could be the choice of a 'target,' implementation of the target and, if necessary, its adaptation to take account of later changes. As the support of public opinion is essential for the success of the policies proposed in this report, it is important that the public be informed regularly and objectively. This is difficult because of the natural inclination of the mass media for sensationalism and over-simplification, as well as the trend towards fragmented interest groups, quite apart from the defensiveness of governments who neglect the ultimate dependence of their own effectiveness on consensus public support.

There is a clear need for the allocation of resources and means for more information and better education on economic matters for broader sections of the population, as well as for those making major decisions affecting economic and social developments. The public should also be better informed about the work and decisions of parliaments.

More specific proposals could include an annual parliamentary debate representing different views on the extent to which economic and social development corresponded in practice to the objectives which the new process of democratization and negotiation had established; the publication of income, wealth, and tax returns; the transformation of indirect subsidies into selective direct subsidies, whose scale and extent should be published, plus a Social Audit on the role of big business in the meso-economic

sector in contributing to or falling short of the new planning objectives.

### *Planning, Negotiation, and Agreement*

The abovementioned activities are just as important a European as at national level in cases where the following factors are involved:

- (a) Community assistance and aid to big business;
- (b) mergers involving firms in two or more Member States;
- (c) information on the activities of multi-national companies including inter-subsidiary trade.

Institutional arrangements and procedures should therefore be adapted and developed with this in mind. For example, a committee of representatives of employers' organizations and trade unions should be set up to advise the Commission's Directorate-General for Competition on restrictive practice and further ways of containing multinational firms more effectively.

*In other words, it is a matter of bridging the gaps in the means of intervention of individual member states and opening the possibility of intervention at the relevant Community level, i.e., extending effective sovereignty rather than imposing a supra-national policy for its own sake.*

It is in the interests of economic and social balance and dynamism that there should be a sizeable number of small and medium-sized firms. However, it is becoming increasingly difficult to set up viable firms of this type, let alone keep them in business. Keeping marginal firms in business artificially, a policy pursued for different reasons and to differing degrees by meso-economic firms and the public authorities, is a definite cause of inflation.

The viability of small and medium-sized firms should be improved by:

- (a) developing and coordinating vocational training, retraining, and technical assistance;

- (b) improving the financial machinery to allow small and medium-sized firms easier access to risk capital and credit without curtailing their independence *vis-à-vis* large firms;
- (c) favouring the creation and establishment of new enterprises capable of innovating and responding to the needs of society, and in particular *cooperative* enterprise owned and controlled by the workforce itself.
- (d) ensuring that all small and medium-sized firms have access to technological developments through joint research centres and, in the same field, reviewing the rules on the period of validity of patents and licences;
- (e) making it compulsory for public purchasing to be subcontracted through to the level of small and medium-sized firms.

The new economic strategy proposed does not necessarily mean systematic surveillance of all prices. Instead, the prices of meso-economic firms, and those firms occupying a dominant position on a specific market could be monitored and made subject to social control. This applies particularly to firms working on public contracts.

Prices policy should also be strengthened by:

- (a) requiring manufacturers (and importers) to give prior notification of increases in the prices of certain key products (prices with a high inflationary potential);
- (b) obliging exclusive distributors to make available their price lists and other conditions of sale for inclusion in a public register. Participation in an unauthorized restrictive price agreement should also be classified and penalized as an offence.

It is often not within the power of a single member state to ensure effective surveillance of the price policy of meso-economic multinational firms. The information needed to coordinate surveillance of the prices practised by these firms should therefore be collected at Community level with a view to detecting and combating compensatory dumping, transfer-

pricing (and thus profit transfer) within a meso-economic firm, i.e., fixing different levels of prices or profit margins for a number of products in the same country, for the same product in various countries or for a number of products in various countries. Such information collated at the Community level could vastly reinforce the effective intervention of respective nation states in the Community.

To make the cost levels and structures, prices and profit margins of meso-economic firms comparable, an *accounting plan for firms* could be made compulsory for meso-economic enterprise and a simplified version could be introduced for other firms. This plan should set down minimum guidelines for the presentation of firms' accounts and the rules for entering transactions and stocks in the accounts (evaluation, definition of periods, etc.) and for the calculation of significant ratios (profitability, etc.)

For the purpose of monitoring transfer-pricing, export and import transactions between national subsidiaries of multinational firms should be presented in separate disaggregated form in international trade statistics.

Clearly, all the changes proposed in the preceding chapters will not come about spontaneously.

Hence the *vital importance of planning*, not merely as a forecasting instrument for analysing future possibilities and risks, but as an effective instrument for guiding the economy in new directions granted the highly varied choice of possible means of action. Such planning should be focused on both public enterprise and public accountability in the meso-economic sector, and a combination of both public assistance and new modes of ownership and control in the micro-economic sector (e.g., cooperative enterprise and enterprise under direct workers' control).

If it is to be effective, planning must fulfil certain *fundamental conditions*. Planning must be an instrument which is democratic in its formulation; rigorously coherent and strict in its strategic priorities once established; and adjustable from year to year, while maintaining medium- and long-term perspectives. But it also must be made more rigorous by the use of an integrated data processing system using detailed socio-economic accounts.



Planning prepared on the basis of alternative strategies, and culminating in a schedule of precise objectives, must be the main instrument in the dialogue between public authorities and the two sides of industry, trade unions and management (whether conventional or worker controlled). It should include other activities aimed particularly at linking part of the short-term budget more closely to the medium- and long-term plan; carrying out the structural adjustments required both by international constraints and by the introduction of the new development model; and ensuring effective surveillance and monitoring of meso-economic firms.

The integrated data-processing system is an essential prerequisite for more effective and constructive social negotiation in a planning framework. It must serve in each country as a basis for a *socio-economic model* on which alternative courses of action and strategies set out in reference tables can be established, showing the weight given to particular specific objectives and the means needed to implement them.

Preparation and discussion of alternative or optional schedules should culminate in a target table containing overall guidelines and norms concerning:

- (a) allocation of the national product by economic sector and function, plus the regional distribution of the means of production;
- (b) public expenditure and income;
- (c) the structure of economic finance, notably investment;
- (d) money and credit;
- (e) personal incomes (earned and unearned) and social incomes;
- (f) the qualitative benefits from development, in terms of the new social indicators.

If it is to cover the various types of objectives and actions adequately, planning must not only be three-dimensional by incorporating structural, social, and spatial distribution, but must include a *long-term* plan (15–20 years) as the strategy for changing the mode of development. Objectives which can be attained only after a fairly long period should be fixed: the

structure of national consumption, wealth and the labour market, the education system, regional planning, etc. Long-term plans should be divided into sub-periods laying down medium-term policy objectives. Planning must also represent a rolling *medium-term* plan (5 years) with particular emphasis on priority investment programmes, disaggregated annually with intermediate objectives.

It is in this framework that the links between national budgets (annual sections of the plans) and the medium-term plans themselves should be strengthened, and above all, that the link between the state budget (including social security) and the plan should be reinforced.

### *Principles and Procedures*

Although technically equipped to make a coherent choice between the objectives of society and the means of attaining them and thus strike a lasting blow against inflation, the main protagonists on the economic and social scene must respect a number of essential principles:

- (a) enlarging the scope of involvement in planning negotiation, on the basis of the new enlarged social and economic accounting already proposed;
- (b) tri-partite bargaining of change in the meso-economic sector, on the lines of Planning Agreements between government, trade unions and management;
- (c) coherent involvement, on the basis of information and negotiation, of regional and local representatives institutions;
- (d) a central body for the coordination of planning procedures, within the heart of government (either a department or preferably a Cabinet Committee for Economic Planning in which spending ministers could countervail the shorter-term and defensive postures of finance ministers);
- (e) parliamentary powers for extensive evaluation, criticism and challenge to the planning process as evolved at other

levels, including both sub-committees with real investigative and scrutiny capacity, and full parliamentary debate and decision-making.

Coherent and democratic planning based on an exhaustive analysis of requirements must define the priorities adopted more clearly than has been done in the past. In the present circumstances, the emphasis must be on planning increased public expenditure and production by public enterprise without endangering the balance of public finance and restimulating inflation, substantially through a better match of effective taxation and public spending, and organizing the redeployment of investment, production, employment and incomes.

The national plans must contain an obligatory section *covering priority public expenditure* for the planned development strategy. This obligatory section would take the following form: An overall ceiling and individual ceilings would be fixed for the major categories. Major programmes would be defined within each of these ceilings (covering both operating expenditure and capital expenditure), and the necessary cyclical flexibility for implementing the annual budget would therefore be maintained within the ceilings fixed.

The redeployment of investment and production must be planned at national level in such a manner that public purchasing becomes focused on those firms which agree to be contractually bound to the planned redeployment organized by the public authorities and especially on that meso-economic enterprise which registers a major impact on macro-economic aggregates. The instruments for such a policy – but with the crucial additional inclusion of trade union representatives – already exist in several countries (Planning Agreements, *contrats de programme*, *contrats de progrès*, *contrattazione programmatica*, etc.). To have a reasonable chance of success, this policy must be negotiated with trade union representatives in individual agreements of the Planning Agreements type in the meso-economic sector. The new planning must focus at the same time on both economic objectives and the new social ends, notably on promotion of means for adaptation and conversion of activities, the new employment criteria, new training for

workers in guaranteed jobs, the social redistribution of employment and income.

Ideologically, such perspectives represent a transformation of the kind of planning ends and means which became part of the conventional wisdom in the postwar period. They represent a challenge to the power of private capital in key sectors of the modern economy to determine what should be produced, why, where, how and for whom, without countervailance by the public authorities, trade unions, and other interested parties.

Nevertheless, irrespective of the specific form of crisis in the economy following the recession of the 1970s, such new dimensions to the social and political negotiation of change have been brought on to the agenda of contemporary European economies by the crisis of the postwar mode of development itself.

If governments and management hesitate to implement the extension of democratic procedures implicit in the proposed new mode of development, they should not be surprised by a different challenge to the principles of democracy, of a kind which could represent a historic reversal of democratic government itself.

*Chapter 10 Planning for Development*

1. See further, *Second Report from the Expenditure Committee, Regional Development Incentives*, Minutes of Evidence, 1974.