

a selected chapter from

THE ASSOCIATIVE ECONOMY

Insights beyond the Welfare State and into Post-Capitalism

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Chapter 11 BEYOND CAPITALISM?

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1 Social Democracy, the Political Lefts in General, and Planning

It is curious that during the most recent debates for or against the Welfare State¹ about the nature of its 'crisis' and the recipes to revitalise or transform it, nobody remembered the prophecy by Myrdal (recalled at the end of the preceding chapter) and nobody - remembering Myrdal or not - mentioned his recipe in order to avoid that crisis: the progress of social planning, as a modern tool of public and political management.

Such a planning, in fact, not only was not considered (as Myrdal did, and with him dozens of genial economists including Ragnar Frisch, Jan Tinbergen, Wassily Leontief, Richard Stone, Leif Johansen, Karl Fox) as the only serious exit from the 'crisis' of the Welfare State; but it is also completely absent, even as a possibility, from the minds of those broaching the theme², almost as if it were an obsolete and outdated solution.³

And it is even more remarkable that now the lack of any acknowledgement of the need for planning is even more manifest among political, social and intellectual circles who seem the 'official' supporters of the Welfare State (social democrats, trade unions, the 'left' in general), than among the traditional conservative Right supporting laissez-faire and free trade.⁴

All this indicates that the traditional Left prefers potentially 'unlimited' Welfare State, but one potentially also on the edge of bankruptcy, rather than a Welfare State which 'can keep its accounts' with resources (*via* planning), and assumes responsibility for alternative choices in the social consumption it provides, which would lead it to a lasting, healthy and 'sustainable' management. Doing thus, they demonstrate faith in 'political laissez-faire', in which the adjustment of resources and the decisions on limits takes place on the basis of the principle of laissez-faire and power clashes, more than do conservative forces, traditionally supporters of the laissez-faire.

On the other hand, the whole debate about the welfare state in the recent years has still the old, obsolete and boring flavour of 'déjà vu', and seems to be stuck in the old, decrepit quarrel on yes or not to state interventionism, and - within the Left - between reformers and radicals (or «maximalists»), without being able to grasp the signs of a management reform of the state (which is called *strategic planning*), that goes well beyond the mentally narrow terms of that age-old dispute. What is most disappointing is that the academic circles and literature (which unfortunately has lost in average quality in parallel with to its quantitative growth) tend to be the spokesmen - in a cultured

version - of these quarrels, rather than refine methods and techniques of public management, able to really renew the quality of public choice.

Planning continues to be seen as a «technocratic» tool of the central power against the freedom of choice of individuals and groups. Coming this together with the recent crisis of the Soviet system, where economic planning seemed nominally to dominate (yet what kind of planning was it really?), it is not surprising that it became a politically «dirty word», and that thus the politicians, but unfortunately also the academics more or less «susceptible» to political fashions (or worse, those that introduced political fashions into the universities) carefully avoid uttering it, even with reference to its true and authentic concepts.

Yet it is impossible to escape the essence of things: and maybe with other names⁵, planning must be the line of advance of public management, from the level of single public agencies to the level of co-ordination among them, up to the level of co-ordination between the public agencies and the agencies of the private and/or public realm, on the national and the (today more and more pervasive) international level.

I will discuss later in this chapter the increasingly indispensable relations between the management of the welfare state and planning policy; and in the last, summarising, Chapter 13 more generally about the role of planning policy in the historical renewal of the methods of political and economic management. I would like to emphasise here that most debates in political science, still linked to obsolete frameworks, seem to me a sign of the antiquity of the current debate, compared to a real 'frontier' approach to the topic. For example, the debate on the 'alternatives to Capitalism'.

2 'Alternatives' to Capitalism? A False Problem

The debate on the alternatives to capitalism recalls very wide and rich debates from the last century to ours. From the utopian thinking to the socialist one, in all its variants, from all visions of a «intermediate» society, liberal-democratic, liberal-socialist, corporative, (fascist or catholic) itself in many versions, and so on, since ever (I would say since its birth and its «modelling», undertaken more by its adversaries than by its supporters) *alternatives* to Capitalism have been sought.

Yet the very concept of an «alternative» smells musty. It shows traces of an 'ideological' approach, since long time rejected in words, yet hardly abandoned in deeds. It seems almost to have the force of a paradigm. And if the paradigm is not transformed, hardly we will avoid false problems today.

And yet, today and most intensely during the last decade in the face of the crisis of communism and of the so-called 'real socialism' countries, the tendency to loose time around the question of whether there are serious 'alternatives' to capitalism is still very widespread.⁶

But by approaching the problem in this way, one is very far from the critical spirit which pervaded the present essay, which is inspired by what in earlier times (not very precisely) would have been called 'historicism'. Capitalism, and the 'market' as well, (being a further «mystified» conceptual entity mistakenly assimilated to the former) do not, and cannot, have any 'alternative'. In the same way as any other phenomenon in the history of humanity cannot, for which we - as professional or amateur historians - have invented a term in order to classify it and give to it a meaning relatively to the continual magma of events. Nobody would try to discuss alternatives to Feudalism, to the Renaissance, to Enlightenment, to Nationalism, and so on. What is disputable is the property of the terms, which systematically have for some a wider and for some other a narrower meaning; thus also 'capitalism' and the 'market' have infinite historical nuances, manifold dating, and many meanings as well, and hardly generate alternatives, if not in the course of events.

When and where can capitalism be said to be really born?⁷ And can it be said when it really died or will die? All is conventional. And we owe the most refined visions of this to the producers of interpretative frameworks, rather than to the historians, obviously tend to disintegrate, to crumble and to scatter any conceptual unification (and thus periodization) of this kind.

The ground is even more dangerous when these concepts are set against their alleged opposites, such as: Capitalism vs. Socialism; Central Planning vs. the Market; or further derivations, such as: Capitalism vs. Central Planning, and the Market vs. Socialism.

Yet history - the recent as well as the less recent one - should have taught us for a long time how fallacious these oppositions are; and on the contrary, how a wide and diffused mix of characters has for a long time characterised and predominated in the evolution of contemporary industrial societies, to the point that it stimulated many authors to present 'transversal' interpretations, as an interpretation and classification of 'economic systems'. For example, the interpretation of Rostow (already considered in chapter 2) who, leaving aside of the 'social-economic systems', has laid down the periodization and the reading of the different «economies» by attributing to them a 'stage of development'. Or the well-known one by Kerr, Dunlop, Harbison and Meyer (1960) who proposed and applied, *industrialisation* as a key to the interpretation of the 'social-economic systems', (which was considered in Chapter 2 as well).

To the point that have been suggested - instead of transversal interpretations such as those just recalled - synthesising interpretations: for example those of the 'mixed economies' (in the western world) or of 'market socialism' (in the socialist world). These are interpretations and readings which showed themselves to be strongly anchored also to the persisting will to start from schematics of functioning (possibly called 'economic systems', which on both sides have been made obsolete by the

development of things).

In sum, the very approach alternatives to Capitalism sounds mistaken. The real problem is to grasp (beyond the oppositions) some common trends which emerge in the different societies, still more or less national, and more or less belonging to historical 'blocks' (themselves decaying) such as: capitalist countries, with marked differences among the US, Europe and Japan; former Communist countries, with marked differences between more or less advanced levels of privatisation; developing countries, with marked differences between the newly industrialised countries and the others.

The real problem - beyond the eternal comparative analyses that by nature tend always to emphasise more the historically insignificant (and thus useless) differences rather than the growing historically significant (and thus useful) similarities - is to be able to grasp among these similarities those that mark a force that I would like to call 'historically hegemonic', which can enable us to understand, and thus to govern, the future.

3 Planning as an Essential Condition for the Passage to a 'Welfare Society'

Coming back to the relation between the Welfare State crisis and societal planning, we cannot ignore the widespread justification, amongst certain circles of the militant Left, for the non-conception of a Welfare State which would introduce methods of negotiated planning, which is that it would nevertheless be 'capitalist' planning and a capitalist 'welfare state'⁸. There is undoubtedly some truth in this theory, which we have developed here in chapter 9, paragraph 1.1, when we reflected on the origin and development of the Welfare State as an operation for 'compensation', and to a certain extent, safeguarding of the harm which the development of free market forces tends inevitably to produce.

But the transition from a 'planned society' to a 'planning society'⁹ will not take place unless processes and procedures are introduced and simulated which get the social and political subjects - whether rulers or non-rulers - used to governing their choices better and to achieve this by adopting the method of 'planning by learning', which is very bound up with 'learning by planning', and which is more than just a mere play on words.

3.1 On the So called 'Failures' of Planning

It is true that between the time that Myrdal thought that progress should be made 'beyond the Welfare State' by means of planning, and today, there has been a disappointing experience in almost all European countries.

But how can this experience be taken seriously? This experience - on the failure of which there has been a vast unanimity of judgements - has been variously interpreted; but many quite rightly consider it fairly insignificant, precisely because it was so short-lived, inconsistent, rapidly achieved, that it hardly can be considered a true 'experience', historically effective, but only an attempt to introduce, more orally than by action, a method of government which did not find a serious modality of implementation.

Politicians and political scientists have long squabbled over the causes of this; but the fact remains that it is not possible to seriously assert that something 'failed', which never existed¹⁰.

Also, from the technical point of view, the methods of governments (and the related discussions) have drawn more from the national traditional baggage of 'economic policy', with its macro-economic models, and its aggregated econometric models as tools, rather than from more recent planning technology, whose 'culture' is hard to introduce. A sign of this is the fact that some developments of such technology, achieved on a scientific basis, especially in some departments of planning offices in some European countries, but also in university

research programmes, are still being ignored even in the official economic culture milieu of some countries¹¹.

We will not go too far in the question of the modest significance of European economic planning experiences between 1960 and 1970¹². But it is important to recognise that it is perhaps through these and their 'failure', that the debate on the solutions to be given to the problems of the Welfare State tend modestly to evade the only real way in which one could provide an adequate solution to the need to distribute the benefits of technical progress and productivity in terms of income and reduced employment, without making recourse to an increase in the financial role of the state: namely through a systematic planning process¹³.

Such evasion becomes more significant when attention is turned to the numerous aspects of perverse malfunctioning of the Welfare State, and when, it is suggested, that its defeat can be achieved by a 'de-etatization', for which it will be necessary to measure costs and benefits: a measurement, however, which is impossible without the value parameters provided by a national planning procedure¹⁴.

Furthermore, the fact that no mention is made - on the subject of moving on from a 'welfare state' to a 'welfare society' - of the fundamental need for planning, depends also on the persistence of an archaic planning concept, understood as being an instrument of state 'authority', or rather of a central power, which stifles the initiative and the self-government of groups and the 'market'.

Nor is it to be excluded that the silence surrounding the need to plan, depends on the discouraging evidence (this indeed historically effective and significant) given by the economies of Eastern European Communist countries, where planning was very much at home; despite the fact that many writers have always - with admittedly excessive simplification - distinguished 'western' planning (denominated 'indicative', especially in France and Great Britain, whereas in Italy the improper name of 'programming' was coined in order to ensure a

good distinction) from the 'authoritarian' one of 'collectivist' or 'centrally planned' countries.¹⁵

In the ephemeral search for 'success', even words have a part to play; and woe betide all those who would use words which recall failures. But, despite the semantics of the political market, nothing changes: and the expected passage from Welfare State to Welfare Society is unattainable without a appropriate planning (on the basis of which are constructed the scenarios capable of making it possible and operational).

Certainly, the planning, to which we refer to is not - as has been said - the archaic mechanism of decision-making and centralised command, which the whole economic system must obey, albeit with a certain degree of freedom within its own structures. Planning, in the modern sense, is an instrument for the analysis of consistency and for co-ordination (see phrase quoted from Myrdal) between multiple decisions, within one public agency or more, with the aim of orienting and conditioning (with the most varied direct or indirect means) towards situations and scenarios deliberated by the people concerned, scenarios which have been judged to be technically feasible and the most politically preferable by the appropriate decision-makers involved.¹⁶

The fact that there still persists, for various reasons (some of which are also pretexts), an archaic conception of planning does not say anything against the need to recognise its indispensability in overcoming the crisis of the Welfare State (even if something could be said about the credibility and information of those who still today cultivate such an archaic conception).

3.2 The Fundamental 'Operations' of Planning: Income and Labour Mobility Planning

If, in the more forceful 'comprehensive management' of social and economic progress on the part of the collectivity, and in social policy which is more aware of the politically preferred

scenario (in other words in a more forceful social planning), we recognise the condition for overcoming the crisis of the Welfare State, then the operational pattern for a passage from a Welfare State to a 'Welfare Society' has still to be outlined.

The discussion focuses - as has been said - on the determination of *how* (to what extent, and how it is to be formulated) to release a certain, qualified, redistribution of real benefits of increased productivity - to be hypothesised and/or programmed - in the economic system considered in its single components and sectors of production.

Such redistribution of real benefits will be carried out, as is known, by way of the purchasing power of the (monetary) incomes in different social sectors: and it is, therefore, to a '*real income*' policy, or better still, a '*planning*' policy for these sectors, that we will refer to here, when we mention (planned) 'social policy' of such redistribution.

It is essential therefore to arrive at such income planning¹⁷, with the obvious 'concert' of the social parties, in a process which I have elsewhere called 'planning collective bargaining' (by analogy with that which would substitute and integrate at the same time: 'market collective bargaining', in practice more widely and more uselessly today)¹⁸. Such income planning should contribute to the guidelines for all intervention, public and private, or only public, when aimed at correcting the effects of private intervention.¹⁹

From the 'jungle' of remunerations and incomes, a 'cultivated' system of these there should be reached, even if only 'indicatively', so as to give flexibility to the system and by virtue of concerted assessment of the social and economic value of the different job positions (thus eliminating circumstantial and irrational privilege). Workers Unions - especially in their unitary and confederate forms - should give a decisive and deliberate contribution to the preparation of such an 'income planning'.

The other *pivot* on which the operational pattern of planning should turn in order to pass from Welfare State to *Welfare Society*, should be - as already mentioned - the redistribution of

employment or work opportunities. Such redistribution could be carried out, as is known, through the redistribution of working hours amongst the various posts and between the different components of the active population, taking account of age, sex and geographical area for the different types of work.

Thus, the comprehensive sum of production needs - given technological and organisational conditions, hypothesizable and/or programmable - provides an amount of work and employment opportunities which can be distributed evenly, also so as to more equally distribute the complementary opportunity for leisure recreation or cultural and for free time in general.

And it is to a policy, or better to a '*programme for redistributing employment*', with all its connected implications in terms of sociological adjustment, of training, or professional retraining etc., that we refer to when we talk of 'social policy' (planning) of such redistribution.

In fact, also in this case - as for income planning - *planning-collective bargaining* with the unions, is fundamental to obtain their co-operation, perhaps even their joint management, for the necessary employment mobility that such a programme inevitably involves, whether merely by guaranteeing that only this plan would lead to full employment.

The recurrent proposed 'Employment Agency'²⁰ would design the operative instrument for an employment redistribution programme; to be adopted only in the presence of, and through compatibility with, a comprehensive planning process, to thus avoid the risk of reducing the instrument itself to another organism for the distribution of 'protective' interventions, of the Welfare State type, (and therefore susceptible to becoming bogged down in the crisis of efficiency affecting all the institutions of the Welfare State).

3.3 *The Plan as a Decision Framework of Reference and as a Process*

The plan (necessarily medium or long-term: 5-10 years)

which is thought to be essential in order to operate the passage: *from 'Welfare State' to 'Welfare Society'* is such to assure the passage from the state's financial redistribution of a few incomes and services, to the comprehensive management of a more balanced society, and thus 'programmed' in advance to be such. Such a plan would therefore be a point of reference for all decisions interventions made in the public sector, articulated however in a large quantity number of 'agencies' and 'powers', central and local, general and sectoral, as happens in the complexity of political and institutional regulations which make up modern society.

The plan would have - obviously - *a preparation (decision-making) stage*, and an *implementation-management stage*.

The preparation (decision-making) stage, although involving all operational sectors in its choices and decisions, is concerned essentially with the role of those agencies representing community authority at the highest level, where '*particular*' interest should find necessary conjunction with the expected '*general interest*'.

Western Parliamentary democratic systems, even if imperfect in their constitutional functionality, have not yet encountered, in practice or in political theory, any valid substitutes for them. But, if the Welfare Society is to be essentially a 'planning society'²¹ (instead of a 'planned society'), and not the haphazard result of encounters/conflicts between interests of unequal weight, for this purpose it would be necessary for its constitutional system, i.e.. the political-parliamentary regime, to include and absorb, or rather express directly, the political planning process in its decisional-preparative stage (leaving the task of implementation and management to other level executives and other public authorities).

This would already be a first constitutional 'reformation' which would not give planning (science) a technical 'role' but would allow it to become the very means of functioning and deciding of the political-public organism.²² While it is true that public planning constitutes an attempt to restore sovereignty to

the citizen with respect to economic policies, which are today in the best possible case the result of uncontrollable 'market' mechanisms (which we know however to be controlled by more powerful economic forces); in the same way it would also restore economic sovereignty to those political organisms (Parliament) which today certainly give signs of deterioration, to such an extent as to cause doubts regarding their credibility, as well as their 'democracy'²³.

Despite this, despite the stressed importance of a constitutional reform which brings to the principal (elective) public organism the decisional-preparative stage of the plan, a reform which - as has been said - would give back vitality and credibility, and hence prestige, to the sovereignty of Parliament as the effective administrator of the community's interests including their economic ones; despite this, at the decisional-preparative stage of the plan, it should be possible also for agreement with other representative 'non-state' forms of associative nature, of pre-eminent social importance, such as the unions and consumer organisations, to find a place.

This place for negotiating or extra-state bargaining should be found in even more diversified forms than has hitherto occurred. The state and civil society should find the way to express themselves in the plan, and in its process of conception.

At the same decisional-preparative stage, the planning bodies (which should be situated within and be dependent on the decisional political organs - Parliament), could also - together with the more or less formal negotiation which we have defined as 'extra-statal' - utilise other forms of analysis and evaluation of 'preferences' and of the popular demand, making ample use of modern methods of opinion polling and of 'market analysis'; this, with the scope of 'simulating' and predicting what has until now, in a mystifying and untrue fashion, been considered the 'market': namely, the sanctuary of the consumers' sovereignty and the 'spontaneous' (ex-post) revealer and regulator of social preferences. Nothing prevents the consumers' behaviour, or that of the 'users' or that of the 'market', from being consulted

beforehand, even in the presence of constraints which are more systematically perceived by the consumer himself: and all this would induce it (consumer, users or market) to make even more 'rational' choices than those made on the market on a case by case basis.

However, the Welfare State crisis and the planning that it requires, lead to an upheaval of the operative mechanisms of the economy, in order to assure not only the maximum degree of choice to all participants, but even the effectiveness and functionality appropriate to the new motivations and new services and quality of life demands, which are emerging (analysed in the Part I of this book).

4 Social Bargaining, or Negotiation, as a Premise for Planning Efficiency

4.1 The Traditional Planning Operators

The plan - as we have said - has its own implementation-management stage. It is a question of *who* should supply and *how* to supply the goods and the services which the citizens and the community in general need, and which - in the scale of needs expressed (be it even with new methods of planning) - they have *preferred*.

Obviously, the implementation-management stage is, in the plan, intimately interwoven with the decisional-preparative stage. One cannot reasonably fix the objectives of consumption (and therefore of production of service goods) without knowing the operational conditions (constraints) of the production itself: and such operational conditions concern both material availability of resources and also the ('immaterial') willingness of subject-operators to act in the manner considered necessary.

However, as any forecasting and systemic methodology of planning recommends, it is always well to distinguish the two

stages in such a way as to resolve, through a clear approach, the two fundamental problems of planning; those which Ragnar Frisch called the selection problem, and the implementation problem²⁴. In the selection problem, the conditions to bear in mind are precisely the 'material' availability of resources (land, employment, fixed capital, technologies, know-how, infrastructures etc.). In the implementation problem, the conditions to be taken into account are the 'immaterial' willingness of the subject-operators, or institutional actors of planning, which is equivalent to the 'how' of economic and social activity²⁵.

Although interconnected (and in fact we have defined them as 'stages' of the self-same process) the two problems should not be confused, in a big syncretic mess which by the way also wipes away the very 'process'; that process which should be one gradual change from one evaluation to the other (apart from the possibility of feed-back). To this end, the selection problem should be 'resolved', temporarily, independently of the *immaterial* willingness of the operators (even if nobody dares consider it irrelevant, but we agree that it is a determinant factor); and this in order to discover at a later stage (free from the constraints of preconceived ideas) which 'institutional framework' and which operational willingness is in conformity with the chosen objectives. It is at a later stage that it is possible to 'readjust' with efficacy the chosen objectives in the negotiations with the subject-operators, in which it will emerge on which conditions and with which objectives they would be willing to operate.

4.2 *The Motivations of the Social Operators*

The willingness of the subject-operators (which we have defined as 'immaterial') is the consequence of adequate *motivations*. The search for sufficient and appropriate motivations is an essential chapter of any serious planning.

The motivations of the economic operators have always been

at the basis of every behavioural analysis and at the basis of the generalisations of 'economic theory'. The motivations have been so coded: *profit* as the motivation of the entrepreneur, *wage or salary* as the motivation of the worker, the *rate of interest or rent* for the capitalist or property-owner, the *vote* for the politician etc. It has also been observed - as known - that in reality the motivations of each of the subject-operators are more complex than the 'theory' outlines, and this has given place to partial sophistications of the same theory. For each of the operators there have been noted some slight differences of motivation, which, even if not particularly relevant in invalidating the principles of the general theory in themselves, are relevant in highlighting the uselessness of applying those principles to concrete political and planning problems.

During the identification of adequate motivations in the case of choices of plan, one is so conditioned by the different factual circumstances (social structure and development of the countries or regions in question, institutional and behavioural characteristics of the operators in question, etc.) that it would not be very recommendable to apply theory to the behavioural schema, while it would indeed be advisable to conduct, for each single activity and operation, an *ad hoc survey* and an *ad hoc consultation* on the motivations of the operators.

For this reason, during the planning process, the operators should be identified, studied, polled and invited to participate on a case by case basis. The institutional framework can offer a vast range of situations, to which can correspond complex and diversified classes of operators. If we wished to simplify and outline, we should say that in our current Welfare State (and here we refer to those countries with a more advanced state of industrialisation), probably exactly because of the affluence reached and because of the economic guarantees acquired, the incidence of the traditional 'economic' motivations (profits, wages levels and so on) is in general becoming weaker. There is, in fact, emerging - as a regulator of the activities of the operators - the incidence of other motivations which, not being

yet able to define them all, we will call '*non-economic*' or '*meta-economic*' or simply '*political*', be they expressed in terms of individual preferences or in terms of collective preferences.

This is happening to the motivations of each of the traditional operators: enterprise, workers, and so on, for whom the profits, the wages etc. are no longer the determining factor which induces them to activity (more or less dictated by the plans). But the new motivations also modify the institutional context or rather the conceptual categories on which traditional operators were previously identified, causing 'new' operational subjects, previously considered irrelevant, to emerge.

For example, the growing importance and diversification of 'public services' makes it clear that, in this growing sector of activity, ever more strategic in development planning, and ever more full of new entrepreneurs and new operators, the categories founded on traditional economic motivations are no longer applicable, and, further, the very classification of the activities and of the connected operators must be articulated in a totally new and more functional fashion.

At the same time, the development of the consumers' use of tertiary, recreational and cultural services, has given place to the expansion of new activities performed outside the 'market', but nevertheless not 'public', with the formation of new operators whose motivations are still today largely unknown, but which certainly cannot be classed in the categories used up to now.

These changes therefore deserve a more organic reflection²⁶.

In any case it is well to conclude that in the plan an articulation of these sectors, old and new, is essential, the more so in view of the complexity of the motivations which animate them, and which are - on the other hand - at the basis of success - at least of the possibilities of implementation and of management - of the plan itself.

Beyond the objectives of consuming (the consumers can also have complex motivations) which pertain to the decisional-preparative stage of the plan, a just (negotiated) equilibrium among the motivations of the operators, in their different and

diverging roles, can also represent a fitting witness to that 'Welfare Society', which today the Welfare State (still founded in one way or the other on the imbalance of those very motivations) seems to be unable to attain.

5 The Crisis of 'Entrepreneurship'

Thus, if one wished to examine more closely some of the characteristics of the crisis of the Welfare State, this crisis could be registered - under the profile of the motivations - in the demise of the *entrepreneurial spirit*.

5.1 The Crisis of the Entrepreneurship as a Motivational Crisis of the Operators

The fall of entrepreneurship must be attributed to a series of factors: above all - it has already been said - among the most relevant factors is that of the expansion, provoked by the Welfare State, of the public services, which has shifted many socio-economic needs away from the area of *market-oriented activities* over to the area of *non-market-oriented activities*. And therefore profit-oriented enterprises have been replaced by public (or para-public) activities not oriented at profit, for which it has not been possible to substitute other valid motivations for their concrete and efficient operation, other than those of a bureaucratic and autocratic social power.

On the other hand, there has been an important shift of activities, and above all of labour-employment, from sectors of production of material goods, to that of 'tertiary' products, i.e. production of services: this in the majority of cases has increased enormously the content of 'professionalism' as well as of 'personalization', present in the performance of work. And this has in general been to the detriment of the motivation of

gain. Moreover this has also happened in the primary and secondary sectors, that is in the production of industrial goods, with a generalised professionalization of labour²⁷.

These transformations in the structures of consumer-trends, in the technologies of production, and in the quality of work, have given rise to the converging conclusion that vast classes of potential workers (above all in the younger age-groups of workers) are led to a explicit 'refusal of work' if they do not discover sufficient contents of professionalism in it.

And it is in this sense that the crisis of the Welfare State can be seen as a crisis of the traditional motivations.

And the way out of the crisis - if the 'crisis' may thus be labelled - no longer seems possible through the salvaging of old unrepeatable motivations: that of *profit*, for example, where it has demised not certainly for circumstantial reasons but due to the structural evolution of the activity as well as changes of *values*; or that of *gain* if it is no longer sufficient to adequately motivate the work.

It will instead be necessary to regain the motivations on a *new basis*, adequate to the structures and the values in evolution. And above all it will be necessary to assess the appropriate motivations in the various categories of activities and operators, some of which are only now emerging.

If the 'market' sector is in decline, this does not mean that in those areas in which it exists and persists the motivation of gain or of profit should be caused to be absent or mortified; on the contrary it should be recognised and satisfied, to avoid a paralysis of the (planning oriented) activity required.

Just as it would also be an error to try to relaunch or to extend motivation in those sectors in which it is irremediably obsolete, such as that of public services, or in 'new' sectors which have been born in, and prosper under, the hallmarks of different criteria and values.

In the sector of public services and of public administration in general, efficiency - which seems more or less everywhere to have disappeared with the development of the Welfare State - is

not given, as is well-known, by a condition of breaking even or of residual 'profit' in the comparison of costs against gains, evaluated at current 'market' prices. It is instead given as the extent of attainment of certain given objectives, compared with the certain means employed and the costs suffered. The regaining of efficiency in this sector, and therefore the regaining of certainty of its social productivity, will not be given by the introduction of 'privatisation' as the criteria of administration, but rather by a programming of the expenditure (as has been said for some time now: a 'Planning Programming Budgeting System'); that is to say, by more appropriate measures of the cost-benefit ratio of alternative spending and by the ratio between expenditure and the result it produces. Without the introduction on a vast scale of such measures of planning the risk, already growing and observed, of 'bureaucratisation' or of self-legitimising administration of public expenditure (independently of its level of centralisation or decentralisation), cannot be avoided. A risk which is inevitable from the moment that such expenditure could not be replaced by another expenditure made within the logic which belongs to private (profit-oriented) enterprises.²⁸

One can say that the more the private entrepreneurship enters into a crisis, the more the area of 'public' or non-profit entrepreneurship become widens. It is evidently matter of an entrepreneurship which radically changes its characteristics.

5.2 *A New Type of Entrepreneurship: the 'Third Sector'*

The fall of entrepreneurship connected with the more recent evolution of the Welfare State, has, in fact, roots which cannot be removed by trying to restore motivation of the conceptual categories (profit-making), criteria which derive from a social structure which is in rapid evolution (if not totally superseded).

In fact, it is not a foregone conclusion that the expansion of activity no longer motivated by profit or by gain and not operating in the 'market' (i.e. the activities belonging to the

category or institutional sector of 'enterprise'), necessarily means the extension of the public sphere (that of activities which belong to the 'public administration' category or institutional sector) - a sphere whose extension is necessarily founded on state financial transfers, rendered operational by levies on the production of the private sector which imply an inevitable growth of 'etatism' (however 'decentralised' we might care to implement it).

And moreover, on the other hand, it is not even a foregone conclusion that the opportunity and the necessity to reduce the area of public intervention - in order to avoid the waste and the dysfunction of etatism - should necessarily mean a return to the motivation of 'profit' or of gain, in those cases where it is evidently inadequate for the type of activity in question.

For these reasons, the area of a 'third' sector of operation and activity is in fact rapidly spreading,²⁹ a sector lying between that traditionally defined as 'public' and that traditionally defined as 'private': a sector which relies on its own financial 'autonomy' and, as such, operates as does a private, independent, operator;³⁰ but whose objectives are not profit, but rather the management of collective interests and, as such, operates as a 'collective' operator - if not as a public one.³¹

This operational sector - to which one could give also the name of 'private-collective'³² - cannot yet have its own very precise boundaries, legal or functional, also because it is in a phase of great growth and change and has not yet its own consolidated physiognomy. It derives, on the one hand, from areas of 'privatisation' (in some form not yet clear) of the plethoric and inefficient sectors of the (Welfare) State; but it also derives from the growth of tertiary productive activities (often tied to direct consumption, and in particular concerning new categories of consumer-goods) which do not aim at a profit of enterprise, neither individual nor company, and which therefore do not have 'lucrative ends', but which perform a voluntary social action in different fields: from the assistential to the recreational, from that of research to that of religious,

political, and cultural solidarity.

In effect, all these areas of new activity - to which we will dedicate more attention in the next Chapter 12 - are growing enormously in terms of the material resources used and of the hours of work employed; and these are not taken into consideration in the accounting of the national product neither in terms of cost nor in terms of gain or income. They are in fact producers of individual and social costs and benefits and are not measurable in terms of market values, but rather in terms of artificial and inductive accounting. And obviously no governmental financial levy can be made to bear on this 'income'.

This 'private-collective' sector is naturally self-managed, even if its productive organisation can imply hierarchical stratifications and more or less authoritarian managements (the case of the religious communities is emblematic in this regard). In general, however, with respect to the processes of 'democratization' and of 'administrative decentralisation' in great demand both in public administrations and in profit-making enterprises (especially if large), this 'third' sector does not encounter, (because of its nature, that is because of the nature of the productive processes to which it is bound), the difficulties which are encountered in other sectors from the point of view of efficiency and good organisation.

Therefore this 'private-collective' sector is situated between 'etatism' and economy of private profit as an area of operational interventions which are characterised by a large degree of 'socialisation' of the means and the ends of production.

The principle which guides it is not the *capital*, but the *association*.

It however has nothing to do with the forms of association between public ends and private interest which have in the recent past been historically known and which have been 'theorised' by the political scientists as a '*mixed economy*'; and which are always founded on the merging of a public initiative of the general objective and a private 'operational activity'

always motivated by profit. A classic example of this marriage is the particularly important Italian experience, of partly state owned companies, which - despite public or semi-public capital (and despite the general objectives on which they have been taken over or created) - necessarily obey profit-making objectives on pain of not being able to operate at all on a competitive market, and which are enterprises of common commercial law.

6 Towards the Institutionalisation of the 'Independent' Sector

The independent, private-collective, or associative, sector also has its historical examples: they are all examples of voluntary associations, as for example those of the foundations with welfare or cultural aims, those of religious associations which in some countries reach a substantial economic power, those of cultural, recreational and sports associations (when these are not business-oriented).

Political associations (parties and movements) and union associations (worker, employer and professional unions etc.) are also an example of private-collective sectors which have already in the past assumed significant proportions, and which are destined to assume even more significant proportions in the future.

But the most significant historical precedent, and one which has already received some specific institutionalisation in its own right in different forms and for a long time in all parts of the developed world, is that of the *co-operative movement*. Obviously the co-operative movement belongs to this sector in those cases where the movement and its enterprises have maintained, in a prevailing and coherent manner, their original 'social' objectives; i.e. where the objective of profit has not also become, even in a co-operative enterprise, the dominating

feature, or rather where its operational dimensions have not excluded all forms of real participation by the partners in its management.

A complex array of new emerging factors, and first amongst these the so-called 'crisis' of the mechanisms of the Welfare State (as synthetically recapitulated in the preceding chapters), have created the premises, and in many cases the appearance of a proliferation of associative initiatives of this type, still not functionally defined and less still juridically so: their most indisputable characteristic is their ambiguity and hybridism and their non-applicability with respect to classifications hitherto well-known and used.

In order to attempt to move towards a clearer definition of this sector and to avoid functional and institutional confusion, it is certainly worth proceeding towards some sort of 'institutionalisation' of it: above all with the scope of distinguishing clearly its manifestations from analogous tendencies towards similar transformations (which in any case present themselves) both in the 'public' sector and in the 'private profit-making' sector.

For example, it has already been said that in the public sector and in its management there is a need for 'democratisation' and for 'decentralisation' which in certain cases could be - if taken to the extreme consequences of autonomy also in the financial sense (even if to some degree benefiting from subsidy in the same way as the *enterprise* sector and the *family* sector) - the prelude to its transformation in the private-collective sector. But, in the majority of areas, that need only goes as far as suggesting the introduction of forms of more decentralised or more '*participated-in*' management, perhaps even of self-management for certain defined tasks, both on the part of the operators as well as of the users of the service in question.

This, just as the evolution of industrial relations in the private profit-making sector could lead to forms of '*industrial democracy*' of the '*co-management*' type, which would not however undermine the capitalistic nature of the enterprise

(even if they would naturally modify its functioning).

In both these latter cases there would not be, properly speaking, a transformation into the 'third sector'.

6.1 The Relationship Between the Operational Sectors

We will begin by reflecting and by formulating proposals concerning the particular requisites which must be present before we can talk of an operational 'third sector' (distinguishing it however both from the experiences of democratisation and of decentralisation of public administration in general, and from the experiences of industrial democracy in the private sector). By thus doing, one should be aware that one will define an area of emerging 'socialisation' in contraposition to 'etatization' on the one hand (with its more or less accentuated 'nationalisations'), and, on the other hand, in contraposition to 'privatisation' of market power (which today assumes ever more the forms of corporate collusion or of oligopolistic concentrations, more or less trans-national as may be the case).

The complexity of modern industrial societies, especially in their 'post-industrial' versions, that is marked by the great technological progress of automation, of information technology and telematics, and therefore by the large development of 'tertiary' consumption, excludes the possibility not only of accepting but also of forecasting the absolute prevalence of one sector rather than another. Social pluralism will also be manifested in the plurality of the forms of production, and perhaps, never as in the past, will the different 'economic systems', which refer to one or other form (or social formation) of production, coexist in the same structure of a developed country³³.

Thus the unquestionable 'etatism' - inherent both in the experiences of 'real' communism and in those countries of the Welfare State, which in different forms (and to different degrees) has coexisted and still coexists today with market

economy - will tend to review its 'hegemony', wherever this has been exercised.

And 'market capitalism' will do likewise, in those cases in which it has been - despite the Welfare State and rather in organic symbiosis with it - substantially 'hegemonic' through its own oligopolistic structures of power, to such a degree as to strongly pre-condition those even the governmental structures themselves³⁴.

6.2 The 'Third Sector' and the General Economic System

It can be agreed that the emergence of a 'third sector', in its great indeterminacy, which has been acknowledged (and the same definition of 'third' sector without qualification, bears witness to this), must be ratified in more precise conceptual and institutional terms - apart from any convenience in doing this - because of the urgency of an 'ideological' reason: that of moving beyond not only the experiences of the real communist countries, but also those of countries which we could define as 'social capitalist' countries (with the support of the Welfare State).

This is the same reason why in the debates of the Left the search for a 'third way' to socialism. But the difference between the search is for a third way to socialism and welcoming of the third sector is in the degree of hegemony which one wishes to give to the productive system which would characterise each of the sectors thus defined in themselves.

Each sector symbolises - so to speak - a productive system.

The public, or state, sector symbolises the administrative, integral collectivist system (which has been erroneously called 'central planning', bringing with this definition an archaic conception of planning). Wherever the public sector has hegemonized productive activities (in the communist countries) the 'communist way to socialism' has been result.

In the same way, the private enterprise sector (or the public one working in the market and for the market) symbolises the

capitalist enterprise system (to whose 'laws' today even the small family firm and co-operative enterprises, which have lost their collective management, tend to submit). Here the capitalist enterprise system has hegemonized the productive activities, but an attempt has been made to progressively reduce the area of influence: by bringing in the State, with its intervention in the social and productive field. In all cases in which it corresponded to the general public interest, the 'social-democratic or labour way to socialism' has been result, or rather the Welfare State, which we have also called above 'social capitalism'. This way, for the moment, has not modified the base of capitalism economy, and this has happened in all the Western countries of the historical capitalism, in its long evolution, in particular those of Northern Europe, up to the current stage which some have defined as 'late capitalism'.³⁵

Would the 'third way' imply the hegemony of a new sector - the private-collective one - over the traditional sectors (state and capitalist enterprise)? such that it would mark the advent of a new 'system', which some have called that of 'humanist socialism' (to distinguish it from the homologous use of the words 'socialism' and 'communism') or simply that of 'socialism' (taking for granted the clear difference with 'communism')?

Since today the hegemony of the third sector is far from being a reality, the system which it would represent a system devoid of an historic mode; it is the only 'unreal' system spoken about, although belonging to the future.

It is difficult, and certainly premature, to uphold today that the third sector (of which now some features are being noted and for which the aspiration is present - as said - to 'ratify' its institutional nature, and thus 'institutionalise' it in some way) may in the near future characterise the productive system and hegemonize to such an extent as to speak of a new economic system of production, different from the capitalist and communist ones (or collectivist or etatist ones).

But it would not be correct to exclude it either.

After all, despite the apparent political 'revolutions' (the

French and Russian ones) with which the historians make the birth of the market economy or the collectivist economy coincide, it is known that the transition from the 'corporative' system of production to the capitalist one, and from the capitalist system to the collectivist one, has been and still is very slow and never 'total': in that at any historic moment there has been and still is a survival of the old forms and anticipation of the new. And, in the end, a substantial cohabitation and co-existence is produced of all the forms which refer to this or that system. As moreover it is by now conventionally recognised by the scholars of comparative 'economic systems', the 'system may remain a conceptual expression, whilst the structure is by necessity real and concrete'.³⁶

6.3 The 'Third Sector' and the Welfare Society

It is therefore very probable that for a long period of time still to come the fundamental characteristic of pluralistic Western societies will, in their post-industrial phase, be hallmarked by a combined active presence of all three operational sectors mentioned³⁷, even if one can at the same time, presume that both the Public Sector (in a process of readjustment and decentralisation) and the Private Profit-making Sector (in a process of objective reduction of its market areas) together will tend to lose their influence in favour of the widening of a 'Private-Collective Sector'. (Whose outlines and functions will become ever more clearly-defined in the next Chapter 12).

Whether this tendency can be identified also in a search for a third way to socialism does not seem to us to merit concentrating too much attention. It seems a pointless question, similar to whether the Welfare State is in crisis or not.

One thing is certain: that this change in the Welfare State, in the sense that it is rendered necessary by its 'fiscal crisis' and crisis of efficiency, and by the search for a more egalitarian basis of production (which could identify itself in the emerging of the Third Sector) seems quite possible. Such a change is

possible, however - without serious crises in the *modus operandi* of the two traditional sectors, public and private - *only if the whole of the development and operational activity of the three sectors is kept under control by a planning procedure*, within which and on the basis of which are implemented those options necessary for guaranteeing an adequate functioning of the entire system. The functioning which must be guaranteed is above all that which is subject to the compatibility of resource usage and of the elimination of blockages and wastage.

The way out of the crisis of the Welfare State is therefore possible only on condition of a substantial change in the model of society (or societal model). And such a change will only be possible if provoked by a new governmental control of the change and growth exercised by the planning process. It is only by calling upon the old operators (the State, in its multiple instances, the profit-making enterprises and the trade-unions) and the new operators (the consumers and the 'third sector'), through an appropriate planning procedure for a more developed *negotiation or bargaining of planning activity*, that it will be possible to 'overcome' the limitations and the crisis of the Welfare State and to aspire to a social organisation of the type which is implied - as we have said in the previous chapter - under the name of 'Welfare Society'.

A 'Welfare Society' which, in the light of the logic and semantics discussed here could also be called - why not? - a 'socialist' society. For the moment we will satisfy ourselves by examining the nature of a post-industrial society which recalls strongly the features of a post-capitalist society.

Another excerpted chapter from this book, [The Associative Economy](#), is [Chapter 13: New Policies and Instruments](#)

¹For example, the reader is referred once again to the contributions gathered for the OECD Conference on 'the social policies in the 80s' (Paris, October 1980) and published by the OECD itself under the title: *The Welfare State in Crisis* (OECD, 1981).

²Here I am referring to almost all the literature 'defending' the Welfare State on the one hand, and also to a large part of the more critical type, which has studied new ways of development: from the Welfare State to the Welfare Society. See on this subject the vast review of ideas contained in the book already quoted by C. Pierson (1991) who - adopting the same title as the famous book by Myrdal (*Beyond the Welfare State*), and adding a sorry question mark, ignores completely its existence: just as - on the other hand - in this type of literature on the Welfare State, its crisis and future prospects any hint at the need for planning for its management, which represented the core of Myrdal's analysis (as said in the preface to this book) is ignored.

³Even those essays which are the closest to the type of analyses made by us (such as those of Bernard Cazes(1981) and Rudolf Klein (1981), included in the above mentioned OECD (1981) volume) do not indicate, as the natural outcome of a revitalisation of the Welfare State, a more pronounced co-ordination of the choice in expenditure, and therefore a greater degree of societal programming. Other works which have tackled the topic of crisis and the future of the Welfare State are even less sensitive to being able to reconnect the evident and recognised manifestations of crisis of the Welfare State itself, to the criticisms of the type advanced in his time by Myrdal (quoted) which seem particularly applicable today. In this regard, we refer the reader to the collection of essays on the general theme: the future of the Welfare State, by Howard Glennerster for the Fabian Society (1983); and by Wil Albeda (1986) for the 'European Centre for Work and Society' in Maastricht. Not a single one of the authors involved in these collections, remembers the now classic criticism made by Myrdal.

An exception is a less recent collection of English essays by Timothy A. Booth (1979), dedicated to examining exactly how the *Welfare Budget* is considered by central government and by local authorities, and how decisions are taken on how to share out the resources available for Welfare needs between different claims. But this type of study has left few traces on the debate about the crisis and the future of the Welfare State.

⁴One cannot ignore the fact that a very important role in the relaunch of planning has been played, especially in the United States, by efforts at 'rationalisation' of public expenditure (decreasing the total and making it more efficient and effective), nor yet the role played by the state apparatus itself (in particular the federal one). These efforts were initiated chiefly by the famous ordinances of Reagan and Bush. Then, too, the 1993 Government Performance and Result Act (GPRA), signed by Clinton (and which I believe to be of epoch-making importance in the reform of public

sector governability) is the result of a long gestation in Congress promoted by the Republican senator Roth (and commonly known as the 'Roth Law'). More generally, it can be said that the banner of 'rationality' in public expenditure (or decision-making) has passed from the hands of the political left to those of the more moderate part of opinion and of the political right. It is incredible but true; only the political scientist to work out the reasons is lacking. The advent of the moderates is welcome if it serves to make such progressive and radical steps forward in managing public affairs and introduce a requirement for rationality and programming in those affairs, overcoming an initial scepticism and contrasting faith in the natural adjustment and optimisation of events.

⁵Many have introduced alternative expressions, in order to avoid linguistic exorcisms: for example, some French scholars use the word «regulation», trying to link the word to some specific concepts (see Boyer, 1986).

⁶Jon Elster (the prolific and versatile author of influential essays) and Karl Ove Moene entitled 'Alternatives to Capitalism' an interesting anthology of essays, which they edited in the same year of the collapse of the Communist empire (Elster and Moene, 1989). I will come back later to it. But there are dozens of works which asked the same question in earlier years and well before that collapse.

⁷This is subject that divide general scholars and historians: to name only two very well-know examples, Karl Polanyi (1944) should be recalled among the former Henri Pirenne (1913-14) and Henri See (1951) among the latter.

⁸See on this subject some works and studies developed above all in the 1970s, and which were influenced by the 'feeling of the time', for example the very title of the volume of essays collected by S. Holland: '*Beyond the Capitalist Planning*' (1978).

⁹To use expressions strongly defended in the cited Report of a Committee created by the President of the United States and the US. Congress in 1976. (See US Advisory Committee on National Growth Policy Processes, 1977).

¹⁰With regard to debates about the 'planning crisis', which are in reality very numerous but of poor quality, the reader will find exhaustive and complete considerations in the works of a 1971 meeting organised at the 'Institute of Development Studies' in Sussex (Faber and Seers 1972) and, more recently, in the complex work by J.Friedmann (1987).

¹¹For all this, the reader is referred to the considerations of Ragnar

Frisch regarding '*co-operation between politicians and econometricians on the formalisation of political preferences*' in one of his essays (1971, republished in: Frisch 1976). Some years ago, on the initiative of the Planning Studies Centre in Rome, a movement on an international scale for the recovery and relaunch of a technology suitable for planning took place. Under the auspices of the United Nations University, UNESCO and the University Institute of Florence, a first 'World-Wide Conference on Planning Science' was held in Palermo in September 1992. In which a large group of scholars from all over the world participated; and from which arose the will to permanently pursue a multi-disciplinary action of co-operation for the advancement of *Planning Science* (or '*Planology*'), as the advanced technical solution to offer to political applications of co-ordinated management of socio-economic development. In that Conference of a International Academy for the Progress of Planning Science was decided; and Jan Tinbergen (late) and Wassily Leontieff accepted the honorary Chairmanship of that promotional organism.

For this, see two pamphlets produced by the Planning Studies Centre (1993a & b), about the initiative of the above mentioned Academy for Planning Sciences, and some of the recent contributions of mine that conceptually support this movement: *Towards A New Discipline of Planning* (Archibugi, 1992c), and *The Resetting of Planning Studies* (Archibugi, 1992b). An overall evaluation of the new trends towards planning and their cultural roots can be found in one of my study published by The Planning Studies Centre (Rome) in 1992 under the title '*Introduction to Planology: a Survey of Developments toward the Integration of Planning Sciences*' (Archibugi, 1992a).

¹²An analysis of the causes of the 'crisis' of economic planning experiences in Europe in four countries: Great Britain, France, the Federal Republic of West Germany and Italy, with contributions by Thomas Balogh, Jacques Delors, Karl Georg Zinn and Giorgio Ruffolo and myself, may be found in the cited book edited by Stuart Holland (1978), *Beyond Capitalist Planning*.

¹³On this point, particularly significant is the masterly contribution of W. Leontief on '*National Economic Planning: methods and problems*' (Leontief, 1976). This essay was written at a time when the main ephemeral economic planning experiences in the world (from that of the West to those of the developing countries), had already entered a stage of scepticism and decline.

¹⁴ See, in this regard, the essays contained in the collective work edited by Mark D. Ten Hove (1986), on '*the institutions of a changing Welfare State*' (in particular those of Frederik Hegner, Theo Berben and Leo van

Snippenburg)

¹⁵For further considerations on the crisis and the future of planning after the experience of the 1960s and the crisis of the 1970s, the reader is referred to the collection of essays in the volume (also already quoted) on 'beyond capitalist planning' (edited by Stuart Holland) (1978); and in particular the essay with which the volume concludes entitled 'development planning' (bearing the joint signatures of F. Archibugi, J. Delors and S. Holland).

¹⁶I would like to refer to the basic work of Frisch, Tinbergen, Leontief, and Johansen as milestones of a starting point for a developing planning discipline (or Planology). In my opinion, it is scandalous, the way in which the last, often posthumous, works of these authors (works that can be considered the authentic products of their scientific maturity) have been completely ignored by the conventional economic and academic literature of the last three decades.

¹⁷On this point see an essay by J. K. Galbraith (1976). The limits of an incomes policy in a context of absence of planning procedure have been analysed in essays collected by Archibugi and Forte eds. (1969). There is also a good biography for the vast literature on this point in the late '60s and early '70s, and which is still up-to-date.

¹⁸The reader is referred to the collection of my contributions on the argument of the relationships between planning and collective bargaining under the title 'Verso la contrattazione collettiva di piano' [Towards Planning Collective Bargaining] (Archibugi, 1979b), which recalls essays extending over a period of time which ranges from 1957 to 1978).

¹⁹On this point see a masterly essay by Bob Solow (1966).

²⁰In Italy this proposal has often been put forward by G. Ruffolo former Secretary-General of the Economic Programming of Italian Government (1965-1973) and former Minister of Environment (1988-1992). Currently G. Ruffolo is European MP. There is a presentation of the proposal in the book by him already cited 'La qualità sociale'.(Ruffolo, 1984).

²¹Even if it is only a play on words, the '*instinctively negative reaction to the word planning when it is applied to government activities*' as the report (already mentioned) by the 'Advisory Committee on National Growth Policy Processes' instituted by the American Government in 1976 (see US Advisory Committee etc, 1976), justifies it, in the intention of clarifying the actual meaning of the words adopted. The American report quoted expresses very well - under the title of 'An American Approach to Planning' - the characteristics of the system of planning that is advisable for Europe as well. Allow us to reproduce some further passages:

To them (the Americans) it has a connotation alien to this country's way

of doing things.

Much of this anxiety stems from the fact that people envisage a small group of technocrats, insulated from criticism, who will achieve centralised power and impose a rigid program on an unwilling electorate, while destroying all private-sector freedom and market mechanisms in the process. Obviously, no one who cares about American liberties could possibly relish such an outcome. Fortunately, there is nothing in the nature of planning that requires such an undemocratic process. The problem is rather that proponents of planning have failed to make clear how the dangers that frighten so many people are to be avoided.

The Committee does not advocate a planned society. We urge that America become a planning society... [See the remain of the phrase in quotation in Chapter 1]

Ideological critics who think of planning as 'totalitarian' seem to forget that no program will go forward until the duly elected and democratically accountable representatives of the people want it to go forward. Any planning will be conducted within the Constitutional framework.... One widely shared fear about planning is that it will lead to more offensive forms of Federal intervention than we have known in the past. It might, however, have just been most severe in times of unforeseen emergency....

If we look ahead and identify problems down the road, perhaps we will be spared the need to act precipitously in ways that jeopardize our freedom....If intervention is more conscious and coherent, it can be more easily controlled. (ibidem pp. 111-113).

²²An appropriate system of a decisional planning process at national governmental scale designed by Giogio Ruffolo in the quoted book on 'Social Quality' (1984).

²³For further indications on these institutional aspects of planning the reader is referred to my contribution at a conference (Sousse, Tunisia, 1978) of the 'Institut Internationale des Sciences Administratives' on the theme 'Accounting and Institutional Instruments of a true Social Planning' (Archibugi, 1978b).

²⁴The operational distinction between the two phases, which constitutes a pillar of the 'planological' approach was argued by Ragnar Frisch, in recurrent and subsequent periods of his scientific production: in a 1962 essay on decision models; in another from 1964 on the system of implementation of optimal national planning; in one on the tasks of Econometrics from 1969; and finally one from 1971 on co-operation between econometricians and political decision makers 'for the formalisation of political preferences'. All these are published in the posthumous volume: *Economic Planning Studies* (1976).

²⁵Ragnar Frisch, 1962 (republished in Frisch, 1976, on pages 105-106). This problem was revisited by Leif Johansen in Vol. 1 of his *Lectures on Macro-Economic Planning* (Johansen, 1977-1978).

²⁶The changes to which we allude are moreover changes which are widely studied and discussed. It is those changes which have for a long time now caused talk of a so-called post-industrial revolution (mentioned briefly in the Chapter 2 and also in other chapters). We consider however essential to observe that, in the last two decades, the 'political' implications have not been sufficiently drawn (or at least with sufficient clarity or energy) from the analyses of the evolution of contemporary society. In fact the panorama of instruments, be they institutional or techno-operational, has not been discussed and described sufficiently, for a new type of co-operation between technicians ('policy scientists') and politicians ('policy makers') at the new levels and the new forms of operation that the changes about which we are talking demand.

In any case, we would like to remind the reader of the attempt made to give an answer to this pressure by a group of European economists and technicians ('policy scientists') gathered together at the 'Forum for International Political and Social Economy' in a 'Project for European Reconstruction' - see the publication edited by S. Holland, co-ordinator of the Group (IPSE Forum, 1983). Especially the third part of the collective document of that Forum (in which the author was very involved) was dedicated to the 'goals and the instruments: new priorities for policies', and in it an attempt was made to indicate a repertoire of new instruments to be employed in the face of the structural changes of contemporary society. These goals and instruments will be looked at again in Chapter 13.

²⁷The social effects and those on work of the new technologies have been widely studied by a vast sociological, (Bell, Touraine, Galbraith, Leontief) managerial (Drucker), and futurological literature (Toffler), to name only some of the representative authors. I gave my own contribution to this reflection through a cited essay (published by the Italian National Research Council) on *'Industrial relations in the age of automatism'*, in which I consider the theme of professionalization of work and its economic and social consequences (Archibugi, 1956).

²⁸ It can be said that the deeper private entrepreneurship enters into crisis, the wider the role of public or non profit-motivated enterprise becomes. This is a form of enterprise that undergoes an inherent transformation of character. In this connection, it has already been pointed out that in all OECD countries, but more systematically and generally in the United States, these closing years of the century are seeing an epoch-making revolution with the large scale introduction of methods of *strategic*

planning and result-based management into the public sector (and into non-profit organisations). A major role is being played by the GRPA law passed by Congress in 1993. I am convinced that if this law is not supplemented as quickly as possible with an initiative of economic programming on a societal scale (of the type suggested by the quoted US Advisory Committee on National Growth Policies Processes (1977), implementation of the GRPA could encounter many difficulties. However the US Congress, which currently has a Republican majority, seems to have a firm intention of moving in that direction, as can be deduced from this declaration from the Congressional Institute (an institution providing technical support, chiefly to the Republican wing) registered in the Chapter 1.

²⁹ One of the first American authors to use the term 'third sector', Amitai Etzioni, expressed the reasons for this conceptual approach thus, as early as 1973: *'Whereas the debate on how to satisfy our needs is focused on the public-private alternative, in effect a third sector has grown up between that of the state and that of the market. In reality, this third sector could very well be the most important alternative for the coming decades, not replacing the other two but uniting and balancing their important roles...We find ever more missions- such as control of pollution - where the profit motive is not great enough and/or the costs necessary to make the mission profitable seem too high. At the same time we are ever more tired of depending on state bureaucracies that multiply and expand. A method must be developed for combining the best of the two worlds - the efficiency and skill of the business world with the public interest, the responsibility and the wider planning of the state...'* Etzioni, 1973 p.315.

³⁰In the USA the term 'Independent Sector' has become consolidated. The most important Confederation organisation in this sector in the USA (which has approximately 800 associations of the operational sector affiliated) is called in fact the 'Independent Sector' (IS). See Independent Sector (1992), Hodgkinson et al. (1989). The emergence of this sector has been the subject of numerous analyses from various points of view for several years now. On this see the economic analyses by Weisbrod ed. (1977) and Weisbrod (1988); Young (1983); Gassler (1986) and Powell ed. (1987). See also the analyses from a more legal-institutional point of view by James and Rose-Ackerman ed. (1986) and Anheier and Seibel eds. (1990). There has recently been an exploratory investigation of the third sector with an international character co-ordinated by the John Hopkins University (Salamon and Anheier, 1996).

³¹This sector has long been called the 'social economy' in France and has been called 'social sector' in the societal three way graphical division of the

socio-economic world offered by the Republicans' Congressional Institute mentioned earlier.

³² This is the name I most commonly gave it in the 1950s (e.g. Archibugi 1957).

³³The literature on 'Economic Systems' is enormous, and it has developed in the wake of the 'institutionalist' school. Many reorganisations of the Faculties of Economics in the various European and American Universities have introduced special courses on 'economic systems'. At its base there lies the thesis that economic theory (with its relative 'rules' of behaviour) is not unique: the economic theories are as many as there are economic 'systems' to which they apply. A. Eckstein (1971) can be considered the father of this kind of this 'discipline'. A work, among the many, which I retain particularly significant, of this school of thought is that of Reynolds (1971). The taxonomy of 'economic systems' is not however easy. There is a certain amount of discussion on the criteria on which to base a typology of economic systems; whether, for example, upon the systems which have followed each other historically (which evokes primarily the classic approach of Sombart, and before him that of Marx), or upon economic or legal criteria. (On this aspect the work of Karl Polanyi and Conrad Arensberg [1975] is recommendable). What is perhaps worth remarking is that this type of literature has given little attention to the objective characteristics of 'coexistence' of economic systems. Here we do not intend the classical coexistence on this planet (for example the well-known question of the peaceful coexistence between the Western capitalist system and the collectivist system of the countries of Eastern Europe, with the relative thesis of 'convergence' dear to Tinbergen, 1961, and others), but rather it dealt primarily with the *co-presence* in the same economic structure of a country or of a set of countries. From the historical point of view, the question is posed in terms of a transitional co-presence from a historically preceding system, supposed to be on the decline, in the face of another which is rising up. Certainly every taxonomic attempt always proves inadequate as far as the rich and sometimes not understandable multiplicity provided by the real world, but it is the only way through which it is possible to develop, in a critical (and not chaotic, and therefore misleading) way, an understanding of such a reality. I believe that this current epoch, highly pluralistic as it is, in which we live and, above all, towards which we are venturing, is the most suitable for developing the research project on the forms of 'co-presence' of different economic systems, no longer seen as competitive or incompatible, but rather as co-operative and complementary. On this point there are interesting observations in a not very recent work of Ginzberg and others, (1965). For

a more recent and updated treatment of the matter within the sphere of the Welfare States, see Esping-Andersen (1990 and 1994).

³⁴The most emblematic case is that of the oligopoly on an international and world-wide scale (that is the multinational and transnational enterprises), which have often rendered powerless and useless all public bodies on the national scale. This has occurred to such an extent that it has required a revision of the very economic theory of the behaviour of the operators (multinational enterprises on the one hand, and the State on the other) in as much as the 'rules' of the market for the former, and the identification of a 'function of collective welfare' for the second, are no longer taking shape according to the well-known formulas: in this way the new theory of 'meso-economics' was born (as developed principally by Holland, 1987).

³⁵ Like Mandel, cited earlier.

³⁶ See G.L. Reynolds, 1971.

³⁷ As, has been said, in Note 30 above, the word economic 'systems' evokes taxonomic problems not entirely resolved, even if it would be preferable for designating the 'third sector'. We will therefore use the word 'sector' because, even if it is highly ambiguous and lends itself to misunderstandings, it still remains the most direct.