

# The Non-Market Activities and the Future of Capitalism

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## [Abstract]

The aim of this paper is to examine some aspects of the ongoing structural change in the advanced “western” economies, in order, to assess their impact on the characters - already widely studied - of Capitalism and to discuss if we can talk about a historical “getting over” of Capitalism itself. After a brief digression concerning political discussions on the “alternatives” to Capitalism, the paper – on the basis of previous conclusions about a transition from the Welfare State into a Welfare Society, and on the indispensable role that the introduction, at any public governance level, of strategic planning procedures can play for this transition – argues about: a). the important aspects of a “planning-oriented social bargaining”; b). the crisis of the traditional for-profit entrepreneurial style; and c). the emergence of a new independent non-profit sector. And finally it outlines a possible “post-capitalist” transformation of contemporary society.

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## 1. Introduction.

In all Western advanced societies (briefly the OECD countries) the area of the non-market oriented activities<sup>1</sup>, i.e. of the activity whose outcome is not destined to be supplied on the market, and whose motivation is not the monetary earnings of the operators (entrepreneurs, managers, workers, etc.) are again growing, after an historical trend which has seen them declining greatly. In fact, their weight on the whole of economic transactions within the societal system from the beginning of the industrial revolution has been marked by a constant decrease, in face of the increasing weight of “market oriented activities”.

However, only since a recent historical period (which we can locate in the last three decades of the century that has just closed) have non-market oriented activities returned to a pattern of growth in the whole of societal transactions.

As we know, in effect, in the development of the industrial society (as far as it has been realized in each country, even with the respective historical lapses of a certain importance between the individual countries, that have created different “stages” of development) the market area has progressively replaced the traditional non-market area (self-consumption of the household, voluntary or servile performances, transactions and exchanges of nature) which has prevailed over secular life of the pre-capitalistic civilizations. Nevertheless, only since some decades ago we have registered for the first time in the history of industrialization, a kind of *trend inversion*: the relative decline, even if often not clearly perceptible, of the non-market area; despite the fact that the activities concerned are of substantially different type from those once substituted by the market area.

In the recent standard process of industrialization, the first non-market oriented activities to replace market ones are the activities of *social character* (like education, health, cultural), guaranteed by the huge expansion of the “public” sector. Consequently, public spending for these activities has grown, conjointly with that for the financial income guarantee (pensions, risk protection, familial and other allowances, etc.) to a point, respect the total societal income, never before achieved (in the average of the OECD countries, the public expenditure has passed from the 30/40% of the GDP in 1970 to the 40/55% of the GDP in 1995). As far as this kind of expenditure has been growing, there has also followed the phenomenon of a non-market activities increase – activities which, moreover, escape conventional national accounting system.

Such phenomenon cannot *not* be at the basis of any discourse on the reform of the Welfare State. And overall, the discourses on such reform seems to assume a antiquated, unproper tone, if they are not put in relationship with the growth of that non-market area; and put in relationship with social welfare evaluation and its strategic programming, at the scale of the entire societal system, including both the market and non-market activities.

In this paper, I intend to develop some primary considerations and reflections on the above said relationship, and on the meaning of all that in the functioning of the industrial, or post-industrial, society, we can continue to define “capitalist”.

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<sup>1</sup> It's best to clarify immediately that for “non-market activities” we intend here the activities that have not as an aim a monetary profit, even if - to be implemented - they can include the buying “factors” on the market, or the selling of goods and services also on the market. And, conversely, for “market activities”, we intend those which have as an aim and objective a monetary profit.

## 2. “Welfare State” and “welfare society”

The habit of distinguishing the expression '*Welfare State*' from that of '*Welfare Society*' is becoming widespread. This semantic distinction has old and noble origins which deserve being recalled. William Robson, an active promoter of Fabian studies, scholar of the public economics, and esteemed patriarch of the London School of Economics, said in one of his last works devoted to the theme Welfare State and Welfare Society (1976):

The welfare state is what the government does. The welfare society is what people do, feel and think about the general welfare. Unless people generally reflect the policies and assumptions of the welfare state in their attitudes and in their actions, it is impossible to attain the objectives of the welfare state... When an industrial nation becomes a welfare state, the need for a strong sense of individual, group and institutional responsibility, the need for social discipline, become very much greater...

And this distinction is called into play above all by those who wish to imply the idea or express the desire for an *overcoming* in some way of a certain 'crisis' in the 'Welfare State' - that based exclusively on the (redistributive) action of the State; in order to pass to a '*welfare society*', i.e. to that welfare founded on a *more functional and fair society structure*; more 'integrated', as I have argued in other works<sup>2</sup>; and therefore more politically and economically 'democratic'.<sup>3</sup>

One cannot help but notice how the relationship between the two expressions, like that between the 'phases' of development of contemporary society - which could in fact be designated with the two terms - is of a *dialectic* nature: having introduced the Welfare State (as a system of policies and state institutions able to guarantee the well-being of the poorer strata of society) the contrasting idea of a 'welfare society' is proposed, i.e. that which creates the same well-being but without the action and interaction of the State in as far as the society itself will be more balanced. The second concept that is in antithesis to the first needs the first in order to define itself and develop, in a probably new synthetic model of society.

From this point of view then the expression 'welfare society' could be considered not only *integrative* and historically *complementary* to that of the 'Welfare State' but it would become even *antinomic* to the latter: for the 'welfare society' to exist it is necessary that first the Welfare State in one way or another is 'destroyed'; that state that till now has assumed the task of generalising well-being only through an ever-increasing *redistributive* function and/or the supply of productive functions of (divisible and indivisible; individual and collective) well-being.

### 2.1 A 'Logical Analysis' of Welfare State

There is in effect a logic that underpins the concept and practice of the Welfare State (and the *Etatism* that is naturally connected to it), which deserves a brief digression.

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<sup>2</sup> See my recent work on the “associative economy” (Archibugi, 2000).

<sup>3</sup> This vision is intrinsic to many scholars of the future of the Welfare State. See for instance Hecló (1981); Amoroso, ed. (1991); Barr (1987 e 1992); Evers et al., eds, (1987); Glennerster, ed. (1983); Guillotin (1986); Himmelstrand, et al. (1981); Hirst (1994); Therborn e Roebroek (1986); Albeda, ed. (1986); Johnson (1987); Walzer (1988); Abrahamson (1988). I must thank Mathias Koenig-Archibugi for helping me (even with many photocopies) to be informed (and to be put in the position to read) a wide production of essays on problems and perspectives of the Welfare State, otherwise of very difficult accessibility.

The Welfare State is born essentially from a logic and intention to *compensate* for the *negative* effects of development.

According to such a logic, in all fields (from unemployment to income and from knowledge to territory) development - by its existence - creates disequilibria and inequalities; some go so far as to state that this development is nourished (that is 'determined') by the imbalance and disequalities.<sup>4</sup> For 'political' (or 'social' or 'humanitarian' etc.) reasons the damage created by development (in terms of unemployment, social marginalization, regional or urban degradation, etc.) must be 'compensated' for with interventions on the part of the community (state), so as not disturb the 'free' occurrence of activities that in competition ensure development.

In the presence therefore of a sort of 'natural selection' or 'social Darwinism', that would govern the development of society, like that of nature, the (welfare) State assumes the role of 'guardian', not only any more of the 'public order' (as was said of the old Liberal state) but also of a certain 'social order', with the protection of the sacrificed so that they do not create dangerous upsets for the existing order.

In this logic, the Welfare State would need inequality in order to justify *intervention*. In a society in which equality is strong we will need less state than would be needed in a society in which inequality is strong<sup>5</sup>.

In the welfare society, on the other hand, a *society of equals* (although hopefully *different*) would be sought. In this logic, society would arrive at such a point of 'affluence' that it would not have to 'redistribute', *by means of the state*, but simply 'distribute' within itself, perhaps even through temporary and localized conflicts and disequilibria, but finding in itself (and not in the leviathan state) the mechanisms of contraposition and compensation. This passage, this change, could be summed up thus: from (state) 'redistribution' to (societal) 'distribution'.

In this case the logic of the Welfare State would be substantially abandoned. In comparison to the *old* mechanisms of capitalism, that are in themselves 'accumulative', polarising, and 'unbalancing', there would now be the installation and recognition of *new* mechanisms that have in themselves (overcoming the motivation of capitalistic profit) potential for *diffusion, decentralization, self-management, and equilibrium* (or '*neo-equilibrium*').

## 2.2 On Equilibrium, Disequilibrium, 'Market' and the Organizational Society

The word *equilibrium* is loaded with values; and attempts to render it 'aseptic', neutral with respect to values have been in vain<sup>6</sup>.

The economic theory of the market mechanisms<sup>7</sup> assume the balancing potentiality of individual

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<sup>4</sup> This seems to me the gist of the most recent works (which have attracted many enthusiast neophytes) of A.O.Hirschman (see:1991, 1995).

<sup>5</sup> This theme has distant origins. For example, it prevails in the position - in all times - of the 'liberal' and moderate political thinking. Tocqueville, a fervent democrat, as is known, made it the focal point of his whole analysis of the burgeoning American 'democracy': '*When the conditions are equal, everyone isolates themselves voluntarily and forgets the public*' (*Democracy in America*). (Tocqueville, 1835-1840).

<sup>6</sup> Ragnar Frisch has set-up the most clear system of definitions of equilibrium and disequilibrium (Frisch, 1936). And Schumpeter, later, in his *History of Economic Analysis*, posthumously published, related to the Frisch's definitions some further, very important annotations. They have a poor pertinence with our reasoning on the dynamic relationship between Welfare State and *welfare society*; the reader interested in knowing how Schumpeter recommended making due distinctions in treating the concept of equilibrium, could find some quotations in my book cited on *the Associative Economy* (page 304) or in the English edition of his *History of Economic Analysis* (Schumpeter, 1954, p.963-971).

<sup>7</sup> Those mechanisms on which there has been exercised, from its birth, the thoughts of economic 'science', which has always fundamentally been a 'theory' of general equilibrium.

transactions, without any state intervention<sup>8</sup>; and even against this state intervention (the so called vendetta of violated nature), if it appears as an instrument of vested interests or simply of 'protection' of the most damaged (protection understood as the ultimate compensation for damages, and at any rate *not* to be avoided).

In the 'real' world however it has been realized that inter-individual relationships are conditioned by vested interests that are the rule rather than the exception. And that the 'market' mechanisms, far from resembling the theoretical ones, are governed by institutional interventions that ensure rather than a balancing potentiality, an unbalancing one, by their very nature; even those - as mentioned - of the (welfare) state, that whilst aiming at a 'riequilibrium' justify their existence only with the presence of an accepted permanent imbalance in social development.

The search for 'equilibrating' potentialities, must therefore be aimed towards the identification and introduction of new institutional mechanisms, that are not the mere riequilibrating intervention of the state, and do not, on the other hand, depend on the false (inexistent) 'spontaneity' of the market and the 'invisible hand'. The new equilibrium, certainly, resembles the general equilibrium of the theory, with the difference that it does not depend anymore on the automatism of inexistent (or at least not applied) principles of inter-individual behaviour, but rather on *organization*; it may be born as well, perhaps, from conflict, but it is concluded in a not intentional 'composition' (i.e. a contract); and it is therefore the result not of the 'invisible hand', but rather of a very visible hand.

This new equilibrium, in fact, and the ordered development that would correspond to it, would not be that which is realized *ex post*, by means of inevitable adjustments and compensations (as happens prevalently in the experiences of the Welfare State), but rather *ex ante*, by means of an efficient planning process and prior concertation (by plan negotiation).

### 3. Managing the 'crisis' of the Welfare State

On the crisis of the Welfare State there is an endless literature, as everyone knows. But through the above developed considerations, the factors of that "crisis" are extensively reshuffled and — as it were —simplified. Those consideration in effect—based on a sound change of its logic, these related as we have said above to the concept of compensation and redistribution — imply a kind of reversal of approach: from that of *ex-post* compensation to *ex-ante* programming.

The logic of compensation still prevails, on the contrary, in the experiences of the Welfare State; and the difficulties or "crisis" that we register today are connected to its difficult abandon. It is a logic which, in spite of its apparent reform pragmatism, today proves itself to be "wishful thinking", because it is not capable of assuring a complete instauration of the Welfare State, nor a balanced compatability between the demand for service and the available resources.

In the new logic, that of *ex-ante* programming of the social preferences and choices, the problem concerning the limits and the spaces of the Welfare State in respect to the welfare society would also be solved; and - financially - the problem concerning the spaces of the public intervention (fiscal or other) in respect to that of "private" or "independent" could be defined.

This *ex-ante* programming is otherwise nothing more than a simulation, on the drawing board, of the "market" by means of a pre-determined social preference function; these can be spread from the

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<sup>8</sup>Some have claimed that Adam Smith was the father of the theory of general equilibrium, which, as known, is normally allocated - with some precursors - to Leon Walras. On this point insist the work of Ingrao and Israel (1987) on '*economic equilibrium in the history of science*', (with which last work the allusive but not singular title 'The invisible Hand' was given). For other interesting contributions see also Hahn (1973 and 1981), and Kregel (1983).



community democratic institutions, but also through various ways and degrees of social negotiation (also ex-ante) between social forces and “stake-holders”. It is most probable that in the planning process, any hope of equilibrium depends, at the last word, on the willingness and the availability of the social forces to contain themselves in the limits of feasibility, limits that are denounced by the possible alternative scenarios, and from the result of the negotiations and contracts that they will freely implement. But the new mechanism of negotiation and bargaining *on* planning is not activated properly if people do not proceed in the same planning process with its component of elaborations and management (and the role of the state — or better, of its bodies destined to that — in these elaborations and management is very determinant).<sup>9</sup>

That planning - applied seriously - is an essential condition for moving beyond the Welfare State in the sense already described, and is clearly understood by all those who first started talking about a Welfare State 'crisis' and of the need to go 'beyond' the Welfare State itself. For example, Gunnar Myrdal - in his book already mentioned entitled *Beyond the Welfare State, or Economic Planning in the Welfare States and its International Implications* (which was published in 1960, but includes also earlier works) - clearly criticized both the 'nationalism' of the Welfare State, and its *lack of development* in terms of *comprehensive planning*; and it was these two directions that he thought it necessary, essential, to 'go beyond'.

On the second direction, which is the one which is here of greater interest, some of Myrdal's simple, but profound, assertions deserve to be mentioned:

Indeed, this planning *becomes pressing* as the edifice of the *Welfare State* rises.... It is, for instance, remarkable that the social security schemes, which are becoming increasingly expensive, were initially supported only by arguments of social justice and welfare for specific groups of people in need; ... As considerations of *these wider effects and interrelations* gradually come to the fore in public discussion, the explanation is mainly that these policy measures have by now become so numerous and important, and that they redirect the distribution of such a very large portion of the national product, that they *simply must be coordinated* with one another, and with the development of the entire national economy. Thus we arrive at planning in the modern sense.' (p.47, our italics)

And a moment before the same Myrdal had also express 'in the modern sense':

as public and private intervention became more frequent and more far-reaching and closely related to the other constituents of this mighty process of social change, so there arose situations of growing complexity, contradiction and confusion. With ever greater impact, the need for a rationalising coordination of them all was pressed upon the state as the central organ for the public will. ...Coordination leads to planning or, rather, it *is* planning, as this term has come to be understood in the Western world....Coordination of measures of intervention implies a reconsideration of them all from the point of view of how they combine to serve the development goals of the entire national community, as these goals become determined by the political process that provides the basis for power. The need for this coordination arose because the individual acts of intervention, the total volume of which was growing, had not been considered in this way when they were initiated originally.(p.45-p.46).

We have quoted Myrdal because he is a writer who, by nationality and political leaning, can be considered to be an 'exponent' of the best experience of the Welfare State ; and who has for more than thirty years directed and recommended going beyond the Welfare State in the right direction.

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<sup>9</sup> For further development see Frisch (1971). Some stimulating points of view even in more recent works by Galbraith (1996 and 1998).

It is curious that during the most recent debates for or against the Welfare State<sup>10</sup> about the nature of its 'crisis' and the recipes to revitalize 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, Wassili 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 theme<sup>11</sup>, almost as if it were an obsolete and outdated solution.<sup>12</sup>

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.<sup>13</sup> 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,

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<sup>10</sup> For 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).

<sup>11</sup> Here 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 is ignored.

<sup>12</sup> Even these essays which are close to the type of analysis that is made here—like those of Bernard Cazes (1981 and 1985) and Rudolph Klein (1981) included in the above cited volume of OCDE (1981—doesn't indicate, as natural way out of a revitalization of the Welfare State, a wider coordination in the choice of the expenditures, and therefore a more advanced stage of social programming. Other works, which have also faced the subject of the crisis and future of the Welfare State, are even less sensible and capable of reconnecting the evident and acknowledged manifestation of crisis of the Welfare State, to the criticism of type made by Myrdal in his time (above quoted) which seems particularly appropriate to the present situations. For this, we address the reader to the collection of essays on the general theme already quoted: *The Future of the Welfare State*, edited by Howard Glennerster for the Fabian Society (1983); and edited by Will Albeda for the "European Center for Work and Society" of Maastricht (1986). No one of the others involved in these two edited books of essays, remember the classical criticism of Myrdal. It is an exception a less recently edited book by Timothy A. Booth (1979) dedicated to examine how the *Welfare Budget* is taken into consideration by the central government and by the local administrations; and how decisions concerning different social demands are taken in front of the available resources for different welfare needs. But these kind of studies have left few traces in the debate on the crisis and on the future of the Welfare State.

<sup>13</sup> One 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 'rationalization' of public expenditure (decreasing the total and making it more efficient and effective), nor yet the role played *rationality* 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 and programming in those affairs, overcoming an initial scepticism and contrasting faith in the natural adjustment and optimization of events.

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 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 names <sup>14</sup>, 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 paper the increasingly indispensable relations between the management of the welfare state and planning policy.<sup>15</sup> I would like to emphasize 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'.

#### 4. '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, ever since (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

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<sup>14</sup> Many 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). See also Jessop (1996) for more general considerations.

<sup>15</sup> More in general the role of the planning policy in the historical renewal of the methods of policy and economic management are dealt with in the last chapter of my cited book on the associative economy



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.<sup>16</sup>

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 relative 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 have really been born?<sup>17</sup> 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 –

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 characterized 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 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, *industrialization* as a key to the interpretation of the 'social-economic systems'.

Or, alternatively, to the point that has 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 schematisms 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

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<sup>16</sup> Jon 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.

<sup>17</sup> This is subject that divide general scholars and historians: to name only two very well-know examples, Karl Polanyi (1944 e 1975 ) should be recalled among the former Henri Pirenne (1913-14) and Henri See (1951) among the latter.

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 privatization; developing countries, with marked differences between the newly industrialized 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.

## **5. 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'.<sup>18</sup> There is undoubtedly some truth in this theory, which we have developed above 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'<sup>19</sup> 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.

### *5.1 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

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<sup>18</sup> See 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).

<sup>19</sup> To 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).

remains that it is not possible to seriously assert that something 'failed', which never existed<sup>20</sup>.

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 countries<sup>21</sup>.

We will not go too far in the question of the modest significance of European economic planning experiences between 1960 and 1970<sup>22</sup>. But it is important to recognize 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 process*<sup>23</sup>.

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 procedure<sup>24</sup>.

Furthermore, the fact that no mention is made - on the subject of moving on from a 'welfare state'

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<sup>20</sup> With 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 organized at the 'Institute of Development Studies' in Sussex (Faber and Seers 1972) and, more recently, in the complex work by J.Friedmann (1987).

<sup>21</sup> For all this, the reader is referred to the considerations of Ragnar Frisch regarding '*co-operation between politicians and econometricians on the formalization 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 Wassili Leontieff accepted the honorary Chairmanship of that promotinal 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).

<sup>22</sup> An 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*.

<sup>23</sup> On this point it is peculiarly meaningful the master contribution of Wassili Leontief on the "National Economical planning: Methods and Problems" (Leontief, 1976). This essay has been written in a moment when the ephemeral experiences of economic planning through the world (from those of the western countries to the developing countries once) were already entered in a stage of skepticism and decline.

<sup>24</sup> 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). See also the essays edited by T.A.Booth (1979).

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.<sup>25</sup>

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 an 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 centralized 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 above 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.<sup>26</sup>

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 recognize 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).

### 5.3 *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

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<sup>25</sup> For 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 already cited 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).

<sup>26</sup> I would like to refer to the basic work of Frisch (1960, 1962, 1964, 1969, 1971); Tinbergen (1956, 1959, 1963, 1964, 1966); Leontief (1976); and Johansen (1977-78); 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.

*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'<sup>27</sup> (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*.<sup>28</sup> 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<sup>29</sup>.

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<sup>27</sup> Even 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 centralized 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.... 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).

<sup>28</sup> An appropriate system of a decisional planning process at national governmental scale is designed by Giorgio Ruffolo in the quoted book on 'Social Quality' (1984).

<sup>29</sup> For 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, 1978).



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 organizations, 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' - utilize 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.

## 6. Social Bargaining, or Negotiation, as a Premise for Planning Efficiency

### 6.1 *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 advanced 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 problem*<sup>30</sup>. 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 activity<sup>31</sup>.

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.

## 6.2 *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 generalizations 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

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<sup>30</sup> The 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* (Nobel Prize Lecture) from 1969; and finally one from 1971 *on co-operation between econometricians and political decision makers for the formalization of political preferences*. All these are published in the posthumous volume: *Economic Planning Studies* (1976).

<sup>31</sup> Ragnar 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, 1977-1979).

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 industrialization), 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 reflection<sup>32</sup>.

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

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<sup>32</sup> The 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 (see on this the arguments largely developed in my book often cited on the "associative economy", especially in chapter 2). I 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 technico-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.

other on the imbalance of those very motivations) seems to be unable to attain.

## 7. 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*.

### 7.1 *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 generalized *professionalization of labour*<sup>33</sup>.

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

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<sup>33</sup>The 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 automation*', in which I consider the theme of professionalization of work and its economic and social consequences (Archibugi, 1957), among them I have listed precisely the characters of a post-industrial society.

persists the motivation of gain or of profit should be caused to be absent or mortified; on the contrary it should be recognized 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 'privatization' 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 'bureaucratization' or of self-legitimising administration of public expenditure (independently of its level of centralization or decentralization), cannot be avoided<sup>34</sup>. 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.<sup>35</sup>

It is evidently matter of an entrepreneurship which radically changes its characteristics.

## 7.2 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 'decentralized' 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

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<sup>34</sup> 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.

<sup>35</sup> 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 organizations). 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 seems to have a firm intention of moving in that direction.



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,<sup>36</sup> 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;<sup>37</sup> 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.<sup>38</sup>

This operational sector - to which one could give also the name of '*private-collective*'<sup>39</sup> - cannot

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<sup>36</sup> 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).

Amitai Etzioni is an author who has sufficiently anticipated the concept of an 'active society' and a 'voluntarist' economics. An early work of his (1968) had already outlined the same process requirement of the economic theory, but successive works by him have made more precise the voluntarist and problematic character of the economic reflection itself, on which the associative economy is based. I indicate only some principal works by Etzioni: *on the moral dimension of the economic value assessment* (1988); *on the task of a society tended to a deliberate social change* (1991); and *on the implications of a communitarian spirit* (1993). In 1991 Etzioni edited with P.R.Lawrence a volume of essays by various authors for a new synthesis of a 'socio.economic' theory. See also another of his 'anti-utilitarian' essays, in cooperation with Weimer (1991).

Furthermore, I consider very significant the attention that P.F.Drucker came to pay to the third sector, or non-profit sector; he is the person that (paraphrasing Marx in the 27<sup>th</sup> chapter of third volume of Capital) we could call the Pindar of American management. In fact not only wrote an important book on the subject (Drucker, 1990), but has also established a Foundation for the non-profit organization ('the Drucker Foundation for Non-Profit Management'); and being the theorist perhaps more famous for capitalist managerialism, all this can sound like a significant acknowledgement of a trend toward the post-capitalism. We have, incidentally, already mentioned Drucker's book on the post-capitalist society: Drucker, 1993.

Another author who has developed the theme of transformation of the social fabric of the post-industrial society and the urgent challenges to the traditional border between public and private, in a sort of disorganized capitalism which put in crisis the welfare state and led towards a new type of society, is Claus Offe, with a set of books and papers of great interest: *on the contradictions of the Welfare State* (1984); *on the disorganised Capitalism and the contemporary transformations of Work and Politics* (1985); *on a 'non-productivist' design of social policies* (1992); and - overall - the enquiry, in cooperation with R.G.Heinze, *on the Time, Work and the Informal Economy*, entitled, very meaningfully and very challengingly, *Beyond Employment* (1992).

<sup>37</sup> In the USA the term 'Independent Sector' has become consolidated. The most important Confederation organization 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), 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).

<sup>38</sup> This 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.

<sup>39</sup> 'Private-collective' is the name I most commonly gave it in the 1950s (e.g. Archibugi 1957).

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 '*privatization*' (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 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 organization 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 decentralization' 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 organization.

Therefore this 'private-collective' sector is situated between 'etatism' and economy of private profit as an area of operational interventions which are characterized by a large degree of 'socialization' 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 'theorized' 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.

## **8 Towards the Institutionalization 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

institutionalization 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 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 'institutionalization' 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 'democratization' and for 'decentralization' 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 decentralized 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.

Thus, 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'.

### 8.1 *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 democratization and of decentralization 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 '*socialization*' in contraposition to '*etatization*' on the one hand (with its more or less accentuated '*nationalizations*'), and, on the other hand, in contraposition to '*privatization*' 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 country*<sup>40</sup>.

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 themselves<sup>41</sup>.

## 8.2 *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),

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<sup>40</sup> The literature on 'Economic Systems' is enormous, and it has developed in the wake of the 'institutionalist' school. Many reorganizations 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 'discipline'. A work, among the many, which I retain particularly significant, of this school of thought is that of L.G.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 'co-existence' 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).

Concerning a very extended and very 'complex' treatment in itself of the 'pluralism in economics' ('methodological pluralism') as a response to, or an instrument for, the analysis of the 'complexity' of the economic system (the theme which, standably, goes far beyond the purposes of this book) the reader can consult the contributions to a very important and interesting conference (promoted by EAEPE and University of Bergamo) in 1994 (Salanti and Screpanti, eds., 1997).

<sup>41</sup> The 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 S. Holland, 1987). The implications of the meso-economic power manifest themselves overall in the field of financial powers concentrations, but have small impact on the 'associative economy'.



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 characterize each of the sectors thus defined in themselves.

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

The public, or state, sector symbolizes 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) symbolizes 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 field (the Welfare State) and also in the productive field (nationalizations, state sharing enterprises, and so on), in all cases in which it corresponded to the general public interest. In such a way the 'social-democratic or labour way to socialism' has been result, or rather the Welfare State in a general sense, which we have also called above 'social capitalism'. This way, for the moment, has not modified the base of capitalist 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'.<sup>42</sup>

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', others that of "liberal 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').<sup>43</sup>

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 'institutionalize' it in some way) may in the near future characterize the productive

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<sup>42</sup> Like Mandel (1972). On the "welfare capitalism" and its different models, see also Esping-Andersen (1990) and Crouch and Streek (1996).

<sup>43</sup> 'Liberal-Socialism' has been widely described, discussed and theorized in the 1930s and 1940s, and in terms more important than in the present times (i.e. with a wider futurist intuition), by two Italian authors of exceptional value: Carlo Rosselli (1928-1930) and Guido Calogero (1944 and 1945). The work of Carlo Rosselli "*Liberal-Socialism*" (written in the fascist jail and published in France first in the 1930 and later - posthumously after his assassination by the fascists in 1937 - in Italy in 1945) has been finally made available in a final version in Italy only later (Rosselli, 1973), and in the English language (i.e. for a real international readership) only recently (Rosselli 1994). The work of Guido Calogero which equally deserves to be accessible to an international readership, has not yet been translated into English. In Italy, a large group of scholars of political science (among whom I am honoured to belong) have followed and developed Rosselli and Calogero ideas. I look forward to the work of Rosselli and Calogero being revisited not only by international scholars, but even by political operators, because of its great topicality. (See also N.Urbinati, 1994 and M. Walzer, 1994).



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 recognized by the scholars of comparative 'economic systems', the 'system' may remain a conceptual expression, whilst the structure is by necessity real and concrete'.<sup>44</sup>

### 8.3 *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 mentioned<sup>45</sup>, even if one can at the same time, presume that both the Public Sector (in a process of readjustment and decentralization) 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'*.

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 organization of the type which is implied under the name of

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<sup>44</sup> See G.L.Reynolds, 1971.

<sup>45</sup> As, has been said, 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.

'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.