

The Hardship of Nations

Exploring the Paths of Modern Capitalism

Edited by

Benjamin Coriat

University of Paris XIII

Pascal Petit

CEPREMAP-CNRS, Paris

Geneviève Schméder

Conservatoire national des arts et métiers, Paris

Edward Elgar

Cheltenham, UK • Northampton, MA, USA

Contents

<i>List of Contributors</i>	vii
<i>General Introduction</i> <i>by Benjamin Coriat, Pascal Petit and Geneviève Schméder</i>	1
PART 1 A NEW FINANCE-LED CAPITALISM	5
1 The future of capitalism <i>Michel Aglietta</i>	9
2 The special position of the United States in the finance-led regime: how exportable is the US venture capital industry? <i>François Chesnais</i>	37
3 Moves towards finance-led capitalism: the French case <i>Benjamin Coriat</i>	69
PART 2 ALTERNATIVE PERSPECTIVES ON CONTEMPORARY CAPITALISM	97
4 Socio-institutional changes in the post-Fordist era <i>Pascal Petit</i>	103
5 Is the New Economy made in America? <i>Pascal Petit</i>	123
6 To have or to be: a topological approach of the interaction between State and economy <i>Bruno Théret</i>	135
PART 3 REGIONAL PROCESSES UNDER STRAIN	157
7 The institutional and policy weaknesses of the European Union: the evolution of the “policy mix” <i>Robert Boyer</i>	161
8 Disruptive effects of financial deregulation: the Japanese and Korean crises <i>Benjamin Coriat and Patrice Geoffron</i>	189
9 Argentina’s structural crisis <i>Luis Miotti and Carlos Quenan</i>	211
10 Convergence and diversity in national trajectories of post-socialist transformation <i>Bernard Chavance and Eric Magnin</i>	225

PART 4 GLOBAL TENSIONS		245
11	From the Cold War to the new international disorder <i>Geneviève Schméder</i>	251
12	Shadow economy and economic criminalisation in transition economies <i>Jacques Sapir</i>	267
13	Global geography of post-Fordism: knowledge and polarisation <i>El Mouhoub Mouhoud</i>	293
PART 5 CONCLUSION		309
14	Post-Fordisms in a more global capitalism <i>Benjamin Coriat, Pascal Petit and Geneviève Schméder</i>	311
<i>INDEX</i>		<i>341</i>

Contributors

Michel Aglietta, Professor at University of Paris 10 and adviser at CEPII

Robert Boyer, Director of Research CNRS-EHESS, affiliated with PSE (Paris Jourdan Sciences Economiques) and CEPREMAP

Bernard Chavance, Professor at University of Paris 7-GERME

François Chesnais, Professor emeritus at University of Paris 13, affiliated with CEPN (Centre d'Economie de Paris-Nord)

Benjamin Coriat, Professor at University of Paris 13, affiliated with CEPN (Centre d'Economie de Paris-Nord)

Patrice Geoffron, Professor at University of Paris 9-Dauphine

Eric Magnin, Associate Professor at University of Paris 7-GERME

Luis Miotti, Associate Professor at University of Paris 13, affiliated with CEPN (Centre d'Economie de Paris-Nord)

El Mouhoub Mouhoud, Professor at University of Paris 13, affiliated with CEPN (Centre d'Economie de Paris-Nord)

Pascal Petit, Director of Research CNRS, affiliated with CEPN-Paris-Nord, PSE (Paris-Jourdan Sciences Economiques) and CEPREMAP

Carlos Quenan, Associate Professor at University of Paris 4

Jacques Sapir, Professor at University of Paris 10, Director of Research EHESS

Geneviève Schméder, Professor at CNAM (Conservatoire National des Arts et Métiers, Paris) and Fondation Nationale des Sciences Politiques

Bruno Théret, Director of Research CNRS, affiliated with IRIS (University of Paris 9-Dauphine)

The editors are very grateful to Catherine Bluchetin for her highly valuable assistance in preparing the manuscript.

General introduction

**Benjamin Coriat, Pascal Petit
and Geneviève Schméder**

After more than two decades of uncertainty, what routes are open to the old nations of the Western world to resume steady growth and welfare? At the end of the 1970s, continuing slow growth, rising unemployment and increasing inequalities suggested the entry of developed nations into a structural economic crisis. The 1950s and 1960s looked in retrospect as a Golden Age of Capitalism (see Marglin and Schor, 1990), even if the performances of such large countries as the US and the UK at the time were rather mediocre. The importance was in the consistency and self-assurance that this post-war capitalism had restored. The notion of “Fordism”, coined and developed by Regulation Theory (Boyer, 1990; Boyer and Saillard, 2002), explained how this era constituted a specific growth regime that combined the efficiency of Taylorian scientific organisation of work with sustained expansions of demand, boosted by wage-productivity agreements on the one hand, and by government spending and redistribution policies on the other.

Times have changed greatly for national economies since the development of welfare states. Patterns of accumulation that seem to emerge display unfamiliar dynamics. The stabilized growth regime of the Fordist era, the mechanisms of which were well identified and legitimised, were followed in the 1990s by patterns of growth which were full of uncertainties and dualistic trends. Some authors like Lash and Ury (1987) even characterised the post-Fordist era as one of disorganised capitalism. The characterisation of what the new growth regime could be, and on which political convention it could be based, remains problematic.

A sign of this difficulty is that so far, the new regime in the making has been given various names: New Economy by the media, post-Fordism by some scholars, knowledge-based economies by others. Yet, debates on tomorrow’s capitalism(s) are so diverse that to assess them at a national level seems difficult. While some people tend to stress either the importance of finance in the new emerging regime (sometimes called finance-led capitalism), or its technological dimension (the so-called information economy), others, though reckoning that both characteristics are present, point in the longer run to structural changes in demand, ethics or ways of life. Changes in markets (due to both deregulation and liberalisation), but also in ways of living and citizenship – the development of the so-called civil society – are setting market economies in new national and international contexts.

The difficulty, for those who refuse to accept simple mono-causal models, is to analyse the multiple interdependencies that characterise contemporary economies. If the world economy has not become entirely global, a new stage in internationalisation has, however, been reached which strongly limits the possibility for one country to develop its own pattern independently of others. In a context where governments have less power and countries are more interdependent, the actual transition from one growth regime to another proceeds slowly. In contrast with the aftermath of the second world war, when in the Western camp both the distrust of pure *laissez-faire* theories after the catastrophic evolution of the 1930s and the urgency of rebuilding and modernizing national economies were of paramount importance in the implementation of a new economic organisation, today objectives are ill-defined and unbalanced. This is especially true regarding institutional changes, an uncertainty which blocks the building of any political consensus that could support any new model of development.

The purpose of this book is to assess the perspectives of the post-Fordist era and to discuss the conditions for a new regime to emerge in an interdependent world. It presents analyses drawn from the most recent French Regulationist literature, which provide conceptual tools for characterising alternative growth regimes, analysing their institutional backgrounds and understanding their reliance on political debates.

Unlike standard convergence theories, which assume that growing internationalisation should lead countries to follow one model, the views presented here stress that the diversity of capitalism is likely to persist. This variety stems from the wide range of institutional backgrounds in which the adaptation of each national economy to growing internationalisation takes place. Yet, all the different national trajectories have common characteristics that we shall try to identify.

The book tries to account for both the diversity of national trajectories and the common set of constraints and trends to which they have to try hard to adjust. Obviously this context is very binding for countries. In that sense one can speak of an era of hardship for nations. The final outcome of the emerging growth regime is not predetermined, and much depends on which policies will be implemented. Will nations succeed in building new growth models that meet the challenges of the present phase of internationalisation?

The present collection of chapters is divided into four parts, each of which is introduced by a short independent presentation. In Parts 1 and 2, the selected contributions set out the main features of alternative

growth regimes which presently emerge in advanced economies. They develop the perspectives opened by alternative assumptions on the evolution of both structural forms and their relationships. While some scenarios emphasize the transformations in the world of finance (Part 1), in relation to real production and income distribution, others stress the broad transformations which take place in markets, patterns of consumption and forms of competition. What the latter suggest is that changes that emerge in the sphere of consumption and in modes of living are no less important than changes in finance in explaining the dynamics of national economies in the new period (Part 2).

Part 3 of the book extends the framework of analysis, beyond nations, to central and problematic aspects of the new international context. The questions here are on how globalisation and financial crises, which have hit hard in the 1990s, are impacting upon national trajectories and regional dynamics. The case of Europe shows the difficulties encountered by member countries, in the current phase of globalisation, when they try to set new coordination mechanisms at a regional level. In the other regions of the world the impacts of financial crises led to dramatic consequences, which differ among countries and regions according to their peculiarities and levels of development. The comparison between Japan and Korea is telling in that respect. The chapter on Argentina shows how binding is the international constraint for a developing country that is largely open to global finance. The last chapter illustrates the hazards of transition for the European.

Part 4 enlarges the scope of analysis by introducing some strategic and geopolitical considerations in the description of international relations.

Chapter 11 is devoted to the international dimension of institutional dynamics, particularly to the interaction between growth regime and security systems. It recalls how the Cold War played a crucial role in the implementation and internal cohesion of the two competing systems which were adopted in Europe after the Second World War and it tries to assess the consequences, in terms of security, of the fact that the world economy has become not only more global and liberal but also more instable and exclusionary.

Chapter 12 analyses the recent development of a black economy and criminal activities, which is particularly illustrated by the case of the former Communist countries. The last chapter questions the worldwide reallocation of industrial capital and the new economic geography that emerges from the strategies of multinational firms. It stresses the rising North–South tensions that it provokes.

In a general conclusion, the editors summarise the main issues at stake. They recall some of the conditions required for new growth regimes to be sustainable, i.e. they must be lasting and socially balanced, both within national societies and internationally. The focus here is on key domains where public action is required at the national, regional and more global levels.

References

- Boyer R. (1990), *The Regulation School: a Critical Introduction*, New York, Columbia University Press.
Boyer R. and Saillard Y. (eds) (2002), *Regulation Theory: the State of the Art*, London, Routledge.
Lash S. and Urry J. (1987), *The End of Organised Capitalism*. Cambridge: Polity Press.
Marglin S. and Schor J. (eds) (1990), *The Golden Age of Capitalism: Reinterpreting the Postwar Experience*, Oxford, Clarendon Press.