

# Developmental class coalitions: historical experiences and prospects

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# The neoliberal or rentier–financier class coalition

- ▶ It turned dominant in the late 1970s
- ▶ It is in deep crisis since the 2008 global financial crisis, which demoralized once more economic liberalism and neoclassical economics.
- ▶ Given that developmentalism is the alternative form of organizing capitalism to economic liberalism, our question is:
- ▶ will rich countries be able to rebuild a developmental class coalition and resume satisfactory rates of growth, or will they just muddle through and grow slowly in the first part of the 21<sup>st</sup> century?



# Our assumptions

- ▶ There is two forms of economic and political organization of capitalism: developmentalism and economic liberalism.
- ▶ Capitalism **always** born developmental; not just to the first countries to industrialize.
- ▶ Economic Liberalism was only dominant between 1830 and 1929.
- ▶ The Golden Years were a second developmentalism.
- ▶ Neoliberalism was a failed and **not viable** attempt to return to economic liberalism.



# Developmentalism is superior to economic liberalism

- ▶ Because the economic system of modern capitalist societies are too complex to be coordinated only by the market.
- ▶ The market is an excellent institution to coordinate the competitive sector;
- ▶ It is, by definition, unable to coordinate the non-competitive sector (infrastructure).
- ▶ And definitely incompetent to assure the equilibrium of the five macroeconomic prices: the profit rate, the interest rate, the exchange rate, the wage rate, and the rate of inflation.



# Class coalitions

- ▶ It is impossible to understand capitalist societies without this concept, as much as without the concept of class struggle.
- ▶ They necessarily involve a **class compromise**.
- ▶ They may be
  1. narrow or broad,
  2. authoritarian or democratic,
  3. conservative or progressive,
  4. successful or unsuccessful.
- ▶ **Good government** is essential, particularly to a developmental class coalition, because it implies a more active governance.



# Class coalitions: today, three possibilities

- ▶ **Liberal** class coalition, associating the rentier capitalists (including the middle class), the financiers, the top management of the large business enterprises and the small bourgeoisie.
- ▶ **Developmental** class coalition, associating the productive business entrepreneurs, the workers, sectors of the professional middle class, and the public bureaucracy.
- ▶ **No class coalition** – a condition of crisis, class struggle (?), and lack of perspectives for all.



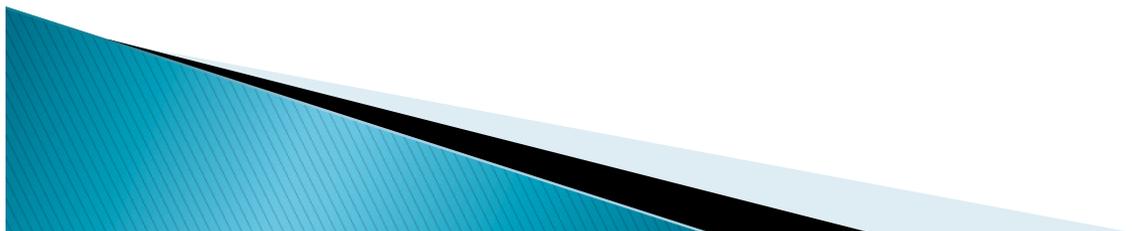
# Developmental Class Coalitions

- ▶ Historically are always the first capitalist class coalition to appear.
- ▶ Originally, are narrow and authoritarian (and conservative?).
- ▶ They suppose the **division** of capitalist class into a developmental and a liberal group.
- ▶ This division is always **relative**; so are class coalitions. Sometimes the bourgeoisie gets fully united, and the only alternative for the workers and the poor is the struggle.



# Five paradigmatic cases of developmental class coalitions

1. The Britain's mercantilist Industrial Revolution
2. The Bismarckian industrial revolution in Germany
3. The Meiji Restoration's industrial revolution in Japan
4. The Brazilian industrial revolution under Vargas.
5. The Golden Years' social-democratic and developmental class coalition.
  - ▶ To the high moment each class coalition corresponded a **policy regime**.



# The Mercantilist Coalition



# The Bismarckian Coalition

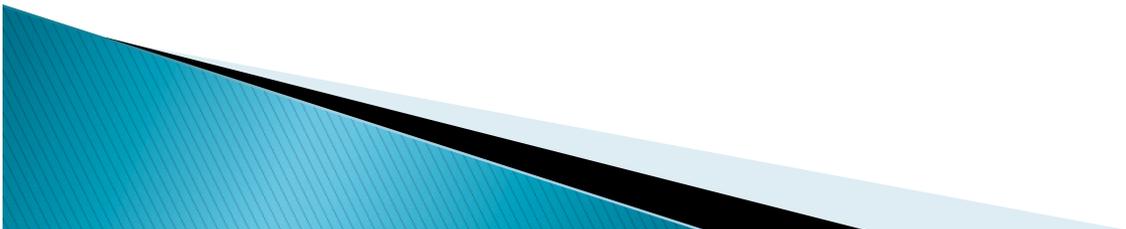


# The social–democratic and developmental coalition



# The three revolutions towards modernity

- ▶ There was not just one (the Capitalist Revolution) but three major changes that defined today's modernity:
- ▶ The **Capitalist Revolution**, that made individual liberty a major value, and modernity growth oriented;
- ▶ The **Organizational or Technobureaucratic Revolution**, that made efficient management a major value, and modernity planned and networked oriented; and
- ▶ The **Democratic Revolution** (with the universal suffrage), that made the individual equal in rights, and modernity socially oriented.



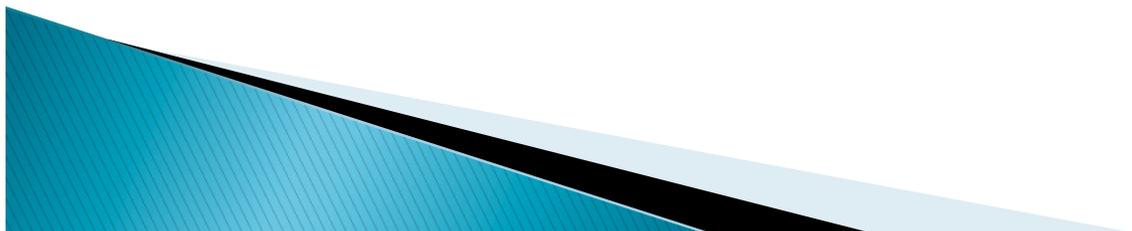
# The social classes after the three revolutions

- ▶ The capitalist revolution makes the **bourgeoisie** the dominant social class, modern class coalitions dependent of a satisfactory rate of profit, and gives to the business enterprises veto power.
- ▶ The organizational revolution makes the **technobureaucratic class** and technical knowledge strategic.
- ▶ The democratic revolution made **the workers and the poor** equal in rights, and able to ask for large and solidary or universal social services.



# The expected consequences

- ▶ Rich countries should be characterized by
  1. The nation–state
  2. Capitalism
  3. Developmentalism
  4. Social democracy
- ▶ Instead
  1. of developmental it turned neoliberal
  2. of social democratic it turned conservative
- ▶ And we had the 30 Years of Neoliberalism



# Since 2008 neoliberalism fell into a deep crisis

This claim supposes that neoliberalism is dead, not conservatism.

Neoliberalism is dead because (indicatives):

1. The idea that markets are self regulated turned demoralized;
  2. The view that the cause of the crisis was deregulation turned practically consensual;
  3. Regulation of the banking system advanced
  4. Even the IMF now accepts capital controls;
  5. Countries have been increasing import tariffs;
  6. Industrial policies regained legitimacy;
  7. The interest rate, which remunerates rentier capitalists, is negative and will continue so.
  8. Finance remains strong, not financialization.
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# Robert Boyer's comment

- ▶ Process is different from doctrine; Globalization and financialization continue to happen, independent of the demoralization of neoliberal doctrine.



Now, a developmental class coalition may well come to reality, but, most likely, it will be conservative.

- ▶ A developmental class coalition does not need to be progressive or social–democratic; it may be conservative.
- ▶ A democratic class coalition would require it, but
  1. the workers and the poor are politically weak today.
  2. the economies of the rich countries continue to face a major problem: the increasing competition of developing countries since the 1970s.
- ▶ Thus, one of the solutions remains reducing wages.
- ▶ Only a conservative coalition can do that.



# What we mean by a developmental conservative class coalition

- ▶ Germany's "Agenda 2010"
- ▶ A conservative developmental class coalition is the optimist way out.
- ▶ The pessimist is...

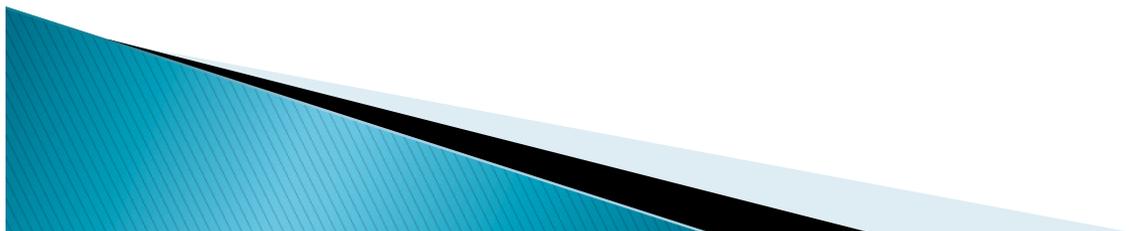


# To have a class coalition you need a nation, but

- ▶ Nations are turning weaker also in rich countries, because
  1. Part of its elites – the neoliberal rentier capitalists and the financiers – derive their rents each time less from their own domestic markets.
  2. The neoliberal attack on economic nationalism was not limited to developing countries;
- ▶ Thus, a **contradiction** arises within governments because
  1. on one side, governments must remain nationalist in so far that the people (the voters) remain nationalists,
  2. on the other, they are pressured all the time to be just an instrument of neoliberals.

Thus, a new developmental class coalition may well not be formed.

In that case...



# Without nations and class coalitions, what to expect?

- ▶ Social disorganization or anomie, i.e.,
  1. No shared diagnostic of the problems confronted;
  2. No shared projects, nor national projects.
  3. Very low rates of growth.
  4. Increase in social unrest.



**Fim**

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