

## Post-crisis developmentalist pact?

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*Folha de S. Paulo*, September 11, 2012

*I bet on a developmentalist or progressive pact, on a great social agreement that will put a new value on production and knowledge, but I know how many struggles will be necessary*

Although it is usually said that there is no difference between left and right, it continues to be used by everybody, because there is indeed a difference, and because to deny it constitutes a mere attempt by the hegemonic political coalition to state that there is no alternative to it.

But this distinction presents a real problem: it presumes a class struggle between capitalists and workers or between the poor and the rich, which is only part of the truth. The other part is that there are class coalitions or political pacts associating workers and capitalists, insofar as capitalists are divided between entrepreneurs who rule their enterprises, innovate and make profits, and rent-seekers who live on interests, rents and dividends.

I call developmentalist the political pact that associates workers and middle classes with entrepreneurs; and neoliberal, the pact that unites rent-seekers and financiers, these latter being the professionals who manage rent-seekers' wealth. Developmentalist coalitions are comprehensive and progressive; neoliberal ones are restricted and conservative.

I have always used this opposition between developmentalism and economic liberalism in order to understand developing countries such as Brazil, but I am persuaded that it applies to rich countries as well. The political pact behind president Obama is developmentalist and progressive. The one supporting Mitt Romney is liberal and conservative.

The **Folha** newspaper recently published a table with the five most important financial backers of the two candidates. Whereas Mitt Romney's were banks (Goldman Sachs, JP Morgan, Morgan Stanley, Bank of America and Crédit Suisse), Obama's major donors were Microsoft, University of California, DLA Piper (a law firm), Google and Harvard University. Even if the existence of a law firm among the Democrat's major donors is not an indication of developmentalism, the other ones are. There is no industrial company, but there are two major information technology organizations and two knowledge producers.

Whereas during the 30 golden years of capitalism (1949-78) there was a broad developmentalist coalition in the rich countries and a political pact encompassing entrepreneurs, workers and professional middle classes, during

the 30 neoliberal years of capitalism (1979-2008) there was a restricted coalition and an agreement among the richest 2% of the population.

Whereas the golden years presented high growth rates, a moderate reduction in inequality and a great financial stability, the neoliberal years presented low growth, a high financial instability and a brutal concentration of income.

The concepts of social class and class struggle were relevant, but they are not enough to explain these results. Yet the distinction between entrepreneurs and rent-seeking capitalists and the concept of political pacts between social sectors have a higher explanatory power. And they help us think how capitalism will be after the crisis.

I bet on a developmentalist or progressive pact, on a great social agreement that will put a new value on production and knowledge, but I know how many struggles will be necessary in order to make this true and how unreliable human predictions are.