

# Introduction

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From the early 1970s onwards, the regulation approach (hereafter RA) has been a leading research paradigm in the revival of institutional and evolutionary economics and in the more general development of the ‘new political economy’. Yet it is often misunderstood because the dominant Parisian approach is interpreted on the basis of outdated English-language texts that attracted many anglophone social scientists in the 1980s and early 1990s (cf. Boyer 2002b: 1–2) and because important and innovative German regulationist work has not even been translated and is little known outside the German-speaking world. Thus one of our aims is to overcome these misunderstandings and to provide a broader, but still critical, appreciation of the approach as a whole. A further stimulus is that, although it originated in economics and many of its principal advocates still work mainly in this discipline, it has spread well beyond economics. Indeed it played a major role in heterodox analyses of diverse topics in the political, social and cultural spheres in the 1980s and 1990s and some of its proponents are still active contributors to trans- and post-disciplinary studies across several academic fields. This expansion of the RA beyond economics stems from its commitment to a critical political economy that emphasizes the role of extra-economic as well as economic factors in capitalist development. This is said to involve alternating periods of relatively stable capital accumulation and crisis-induced restructuring, rescaling and reregulation. The RA’s various schools and tendencies take extra-economic and economic institutions seriously and also recognize the transformative role of social action. For regulationists deny that there is anything automatic about periods of stability (capitalism is not self-stabilizing) or capitalist restructuring in response to crises (capitalism is not self-healing). Social agency has key roles in both regards. This interest in agency not only concerns future scenarios in capitalist development and their likely supporters but also extends, for some contributors at least, to spirited advocacy of real emancipatory alternatives – inspired by socialist, ecological, feminist or other social movements.

The chapters below offer a general overview and critique of the ‘regulation approach’, identify its distinctive features and significant internal debates, and seek to locate it in heterodox economics and the critical social sciences more generally. Any such critique is likely to involve an ambivalent account

of the regulation approach. For, on the one hand, covering so many different analyses implies that there is something coherent and distinctive about the RA that justifies special attention in the much broader and richer field of institutional and evolutionary economics; and, on the other, the more detailed and wide-ranging the analysis, the less likely is it that the RA will appear coherent and distinctive. This ambivalence is reinforced when one observes how the most prominent and persistent group of regulationist scholars – and the only one that identifies itself as the ‘regulation school’ and actively seeks to proselytize on its behalf – has sought to expand its influence in two interrelated ways. First, it engages in continuing dialogue, seeks rapprochement with other institutional and evolutionary approaches, and willingly deploys insights from other disciplines (cf. Boyer 2001a: 85; cf. 2002f). And, second, while it was once primarily an overarching theoretical approach inspired by Marx and/or 1960s structural Marxism (Chapter 1), it has since developed more middle-range theories open to theoretical and empirical interchange with many other heterodox traditions and currents. Uncertainties about the RA’s distinctiveness are reinforced when one finds similar concepts and arguments in evolutionary and institutionalist theoretical schools or tendencies that do not define themselves as regulationist or work on similar topics in other fields of social scientific and historical inquiry. Finally, its identity is also called into question when one notes its disparate trajectories and currents since the mid-1970s and the many ways in which it has been appropriated, extended, and modified outside its principal schools.

All of this indicates certain risks in treating the RA as a monolithic and closed theoretical system. Thus we sometimes refer to the RA as if it were a singular approach; and we sometimes distinguish among schools and/or specific lines of argument. We also argue that, although it is often treated as a single, homogeneous school, regulationism is better seen as a broad, progressive research programme in institutional and evolutionary economics with major implications for critical social science more generally. Hence we occasionally note areas of overlap or continuity between the RA and other approaches in institutional and evolutionary economics. This is clearest in the case of Parisian scholars, who seem to be normalizing the approach by reintegrating it into the discipline of economics, albeit as part of an expanding and diversified institutionalist current within economics. We also argue that it is time to move beyond the RA and we suggest some possible routes out of the apparent regulationist impasse. We develop these claims *en passant* in this volume and systematically in the companion volume on cultural political economy.

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1. To identify the basic assumptions, concepts and principles of explanation that give coherence to the regulationist research programme.
2. To locate this research programme and its development within heterodox economics and critical social science.
3. To explore its schools and tendencies as well as contributions from a wide range of individual scholars and illustrate how these schools and tendencies have diverged and converged from the 1970s to the 1990s and beyond.
4. To restate the ontological, epistemological and methodological assumptions of the RA, note its close similarities in these regards to critical realism, and propose a common research agenda
5. To identify some weak points in the RA's early development – notably in its discussions of the state and governance, the temporality and spatiality of accumulation and its regulation, and its engagement with discursive practices – and show how to address them consistently with the overall approach.
6. To show how this expanded RA can cast new light on the recent reorganization of the political economy of East Asian newly-industrializing economies as well as more advanced Western capitalist economies.
7. To argue that the very success of the RA has led to a certain loss of identity as its assumptions, concepts and principles of explanation have become taken for granted and as the RA itself converses with and/or seeks inspiration from other radical approaches to capitalism and/or capitalist societies.
8. To show that much of the most innovative third-generation work comes from scholars who share little of its first- and second-generation assumptions and for whom the RA approach is merely one among many influences.

Taken together, these aims explain why we have titled this collection of essays *Beyond the Regulation Approach*. We suggest some ways to develop the regulation approach in this volume and, in the companion volume, *Towards a Cultural Political Economy*, we take this new agenda much further.

## WHAT IS THE REGULATION APPROACH?

The RA is a more or less distinctive theoretical orientation in evolutionary and institutional economics that explores the interconnections between the institutional forms and dynamic regularities of capitalist economies. Unlike orthodox economics, it does not aim to provide a general, transhistorical

account of economics or economic conduct. Nor does it seek to naturalize capitalism by treating its expanded reproduction as an unproblematic expression of rational economic behaviour. Instead it typically focuses on the historical specificities of capitalism and regards continued capital accumulation as inherently improbable. This is linked in turn to an interest in the generic or more historically specific crisis tendencies of capitalism and in the major ruptures and structural shifts that occur as accumulation and its regulation develop in and through class struggle. Given these concerns, the RA focuses on the changing combinations of economic and *extra-economic* institutions and practices that help to secure, if only temporarily and always in specific economic spaces, a certain stability and predictability in accumulation – despite the fundamental contradictions and conflicts generated by the very dynamic of capitalism. Thus it examines a wide range of institutional factors and social forces directly and indirectly involved in capital accumulation. In particular, whilst far from neglectful of the essentially anarchic role of exchange relations (or market forces) in mediating capitalist reproduction, regulationists also stress the complementary functions of other mechanisms (including institutions, collective identities, shared visions, common values, norms, conventions, networks, procedures and modes of calculation) in structuring, facilitating and guiding capital accumulation.

In addressing these issues, regulationists have developed a wide array of concepts to study the institutions and practices of capitalism, explain the various crisis tendencies of modern capitalism and/or likely sources of crisis resolution, distinguish among different stages (periods, phases and so on) of capitalist development, compare and contrast different accumulation regimes and modes of regulation within a given stage of world capitalism, and examine the social embedding and social regularization of economic institutions and conduct. These concerns and concepts endow the RA with a relative unity and establish points of contact and disjunction with other heterodox approaches in institutional and evolutionary economics. The latter certainly share some or all of these concerns; but they do not deploy the same set(s) of concepts for analysing them as the regulationists have developed.

The RA also seeks to integrate analysis of political economy with analyses of civil society and/or the state to show how they interact to normalize the capital relation and guide (govern) the conflictual and crisis-mediated course of capital accumulation. In this sense, ‘régulation’ might have been better – and less mechanically – translated as regularization or normalization.<sup>1</sup> This issue has become even more pertinent as some RA theorists have paid increasing attention not only to institutions beyond markets and states but

also to various forms of ‘governance’ and ‘governmentalization’ deployed in regularizing economic activities.

There are several RA schools but they all share heterodox views regarding the nature, preconditions and crisis tendencies of capital accumulation. When ‘the approach in terms of regulation’ emerged in the French academic community in the mid-1970s, its protagonists were almost alone in their concern to develop institutional economics (cf. Boyer 2002c). Although the Parisian school is still dominant within the regulation approach as a whole, it has nonetheless become one among many evolutionary and institutional approaches in France as elsewhere (useful surveys of evolutionary and institutional economics are found in Arestis and Sawyer 1994; Hodgson 1989, 1993; and Hodgson, Tool and Samuels 1994). We discuss the different schools and tendencies in the RA, their views on Fordism and post-Fordism, their approaches to the state and their most recent developments in Chapters 1, 2, 3 and 7, respectively.

## STUDYING THE ECONOMY IN ITS INCLUSIVE SENSE

An interesting substantive aspect of the RA is its insistence on the instituted nature of the economy. Along with adherents of other varieties of institutional economics, regulationists have long been engaged in a struggle within the economics discipline to redefine the proper object of economic analysis. While outsiders may regard the stakes of the struggle as inane (at least regarding the position of the orthodox, neo-classical approach), it has serious implications for economic policy as well as academic hierarchies and resources.

The RA rejects the starting point of neo-classical economic theory, namely, that a clearly delimited, socially disembedded sphere of economic relations exists that tends toward general equilibrium. It denies the neo-classical claim that both the logic and dynamic of this sphere can be analysed in the first instance (if not, indeed, entirely) in terms of norms derived from exchange relations in an abstract world defined by perfect markets; and it also denies that exchange relations are driven entirely by the economizing behaviour of preconstituted rational individuals oriented exclusively to the market price mechanism. And, in Boyer’s words, it rejects the neoclassical treatment of crisis ‘as a sort of absurdity [insofar as] a crisis represents the difference between *theory* and *reality* in the economy in question, a result of the irrationality of consumers and workers (victims of monetary illusion, for example), inadequate information, or the blockage of market mechanisms by monopolies, labor unions, or interest groups that introduce rigidities leading to inflation and unemployment’ (Boyer 1990b: xxv).

Thus, rather than study abstract, perfect markets to be found nowhere in the real world, regulationists attempt to explain ‘actually existing capitalist economies’ or, at least, to understand certain ‘stylized facts’ about them.<sup>2</sup> Their analyses go well beyond a narrow, economic concern with production functions, economizing behaviour and pure market forces. Rather than define production functions, the RA examines the technical and social division of labour and the labour process in all its conflictuality. Rather than seeing exchange relations as involving nothing but simple commodities, it argues that key monetized inputs of the economic process (especially labour power and money itself) are actually fictitious commodities. Neither labour power nor money is produced in and through capitalist relations of production but outside them. This occurs through the family, education and so on in the case of labour power; and through law and the state in the case of money (Aglietta 1979; Lipietz 1987a; cf. Marx 1971; Polanyi 1944). Rather than study economizing behaviour and formally rational calculation of opportunities for profit on the market, the RA explores the differential constitution of economic rationality, the historical emergence and generalization of specific norms of production and consumption, the embeddedness of structural forms and economic practices in specific and changing institutions in particular times and places. Moreover, in insisting that institutions have their own social dynamic, the RA also implies that ‘institutions are unintelligible without reference to a social dynamics’ (Favereau 2002: 317).

Finally, whereas the neo-classical view of general equilibrium discounts the role of time (among other reasons on the grounds that individuals have perfect knowledge about the future) and regards any temporal development as essentially reversible (permitting return to any prior state), the RA shares the claim advanced in evolutionary and institutional economics more generally that economic development is largely path-dependent and irreversible. Exactly how much scope there is for ‘path-shaping’ behaviour and in what circumstances it can occur are moot points for regulationists.

In short, in focusing on the changing balance between ‘reproduction’ (as secured through the market mechanism) and *régulation*–regularization (as secured through non-market mechanisms), regulationists emphasize the historically contingent economic and extra-economic mechanisms that lead specific economic agents to act in specific circumstances in accordance with the unevenly changing, objective requirements of capitalist reproduction. In this sense, the RA replaces both the idea of general equilibrium and the analysis of static equilibrium with ‘an analysis of *dynamic processes* of re-absorption of disequilibria constantly caused by accumulation’ (Boyer and Saillard 2002b: 41; cf. Barère 1981).

This expansion of the idea of the economy is reminiscent of Karl Polanyi's account of the economy as an instituted process (1957). He argues that economic activities are embedded in a complex array of social relations, extra-economic as well as economic institutions, and in specific social configurations (cf. Hodgson 1989, 1993). This means that 'it is impossible to establish a dichotomy between the purely economic on the one hand and the social on the other hand. Even perfectly competitive markets derive from the organization of social space; they are constructed on the basis of power relations and legal rules' (Boyer 1990a: 44). Since preferences and productive possibilities are not given *a priori* but result from the insertion of markets into a series of institutional arrangements and socio-economic processes that shape information and conduct, neither economic rationality nor any resulting equilibrium can be defined independently of the social framework that determines them. This is not just a question of the embedding of markets in a broader framework of capitalist institutions. For, along with some other institutionalist approaches, the RA argues that *precapitalist* logics are also an essential ingredient for markets and capitalism to exist: they depend on trust, reciprocity and long-term strategies and these in turn require communities, associations and/or networks to operate (cf. Boyer and Hollingsworth 1997b). Thus it is illegitimate to regard crises simply as instances of the inadequacy of social forms in relation to a supposedly unique, pre-existing equilibrium (Boyer 1990a: 45; Boyer and Saillard 2002b: 41).

Another way of interpreting this approach is to link it with the ideas of the Italian communist, Antonio Gramsci, whose work is often mentioned by RA theorists as having pioneered the analysis of Fordism as an accumulation regime, mode of regulation and, in its guise as Americanism, as a way of life. Indeed, drawing on Gramsci's ideas, we suggest that the RA studies the economy in its inclusive sense and thereby offers an 'integral' economic analysis. Gramsci is noted for his concept of the 'integral state' (*lo stato integrale*) and his studies of the state 'in its inclusive sense'. He analysed the state apparatus in terms of 'political society + civil society' and state power as 'hegemony armoured by coercion' (Gramsci 1971). Likewise the RA's object of analysis can be seen as the integral economy (what, by analogy, one might term *l'economia integrale*) or the economy 'in its inclusive sense'. This can be defined as 'an accumulation regime + its mode of regulation' and its dynamic can be studied in terms of 'the self-valorization of capital in and through regulation'. This would serve to focus attention on the socially embedded, socially regularized ensemble of economic activities, organizations and institutions that combine to give a distinctive dynamic to specific capitalisms in distinct times and places (Chapter 12). It would also

provide a direct link to strategic–relational analyses of the state (as seen in studies by Jessop 1990 and Théret 1992; see also Chapter 3).

## REGULATIONIST POLITICAL PROGRAMMES?

Regulationists have no single political line. The RA has been pressed into service by a wide range of political currents. Some idea of the range of such responses can be gleaned from four contrasting responses. First, there are updated but still orthodox Marxist–Leninist views on the role of the Fordist crisis in reinforcing tendencies to state monopoly capitalism and hence the need for a communist vanguard response; or, from a more heterodox position, the need to pursue a self-management response to take advantage of the post-Fordist potential of the scientific, technical and information revolutions. Second, there is the well-known reformist appropriation of the RA as a theoretically impoverished story about the transition to the ‘New Times’ of post-Fordism – or, in the 1980s and 1990s, to the ‘New Times’ of globalization and/or of the knowledge-based economy – historical novelties that allegedly demand and enable a more market-friendly, broad left alliance formed by Eurocommunists, social democrats, organized labour and new social movements. Third, several Parisian regulationists have been policy advisors to the French government and European Union, opposing the dominant tendencies favouring a neoliberal regime shift, supporting at most certain measures of neo-liberal policy adjustment, and, more often, advocating alternative economic policies adapted to specific local, regional and national situations rather than a one-size-fits-all approach. And, fourth, there have been proposals for a democratic response based on an extended political ecology (rather than narrow Marxist political economy) in which capitalism and industrialism are the targets and new social movements as well as leftist parties allied in participatory democracy are the agents. We discuss these and other positions in Chapter 7.

## OUTLINE OF THE BOOK

The present volume is divided into four parts. Part I contains three chapters that discuss the origins of the regulation approach and review first- and second-generation approaches to key issues. Chapter 1 presents the key features of the RA, outlines its main schools and compares and contrasts them. Chapter 2 reviews first-generation regulationist debates about Fordism, its crisis and the likely shape of post-Fordism, and also introduces a crucial set of distinctions for thinking about these issues. Chapter 3 addresses an



acknowledged weak point of the RA, namely, its theory of the state. It reviews various first- and second-generation analyses of the state, critiques them and suggests an alternative approach. We illustrate this from the form and functions of the Fordist state and the emerging post-Fordist state.

Part II presents three applications of the RA from our own distinctive viewpoint. The latter involves 'bringing the state back in' and making the cultural turn. Its three chapters represent second- and third-generation work and, apart from some updating of the references, they are reproduced largely as published. Chapter 4 compares 'flawed Fordism' in Britain and 'flexi-Fordism' in West Germany and shows the crucial role of the political and state systems in mediating responses to crisis. Whereas most regulation schools have recognized the key role of institutionalized class compromises in securing capital accumulation, this chapter is distinctive for its early emphasis on the strategic selectivity of the political and state systems. Chapter 5 offers a radical critique of the Eurocentrism of RA concepts such as peripheral Fordism and develops a novel account of the accumulation regime, mode of regulation and mode of growth of East Asian newly-industrializing economies. It develops a sophisticated account of exportism, its varieties, its periodization and its crisis tendencies and also relates the latest stage of exportism to the emerging knowledge-based economy. Chapter 6 takes this analysis further by exploring the 'Asian crisis' from a fourfold perspective, namely, the internal and external sources of crisis-tendencies in both the financial and industrial systems. It also describes reactions to the crisis and, especially, the search for a new accumulation strategy rooted in a re-articulation of the local, national, regional and global industrial and financial orders and oriented to the nature of the new global economy.

Part III turns to third- and fourth-generation work in the regulation approach and begins to develop our emerging post-regulationist research agenda. Chapter 7 provides a critical review of the successive generations of the Parisian RA and evaluates its theoretical and political successes and failures. It also comments on developments in other schools. Chapter 8 explores the rapprochement between the RA and theories of governance. It presents an original theory of governance failure grounded in the contradictions of the capital relation and explores its implications for a regulationist analysis of capitalism. Chapter 9 notes an increasing turn in Parisian work from the national and international to the question of globalization. It then presents an original theory of globalization and its implications for the overall dynamic of capital accumulation, especially in its currently dominant neo-liberal guise.

Part IV moves further from a primary emphasis on critiquing other schools to a concern to develop our own fourth-generation approach and, indeed, to realize and transcend the limits of the regulation approach as

a whole. It argues both for a return to the fundamental ideas of Marx's critique of political economy and for a cultural turn that fully recognizes the significance of the cultural moment in economic relations. It therefore provides a crucial link between this volume and its companion volume, *Towards a Cultural Political Economy*. Thus Chapter 10 critically reviews the ontological, epistemological and methodological assumptions informing first-generation analyses and calls for the recovery of these assumptions as the basis for future regulationist work. It develops the implicit critical realist insights in the regulation approach and proposes a new methodology for regulationist work building on the crucial Marxian claim that capital is a social relation. Chapter 11 builds on this critique to explore the problems involved in any periodization of capitalism and then proposes an account of the emerging post-Fordist accumulation regime as a globalizing knowledge-based economy. In contrast to much other regulationist work, this chapter is especially concerned with the contradictions and limits of this 'new economy' rather than the scope for its relative stabilization. Finally, Chapter 12 provides a bridge between this and the next volume. It argues that Antonio Gramsci can be seen both as a proto-regulationist, insofar as his work inspired the regulation approach, and as a post-regulationist, insofar as his work anticipated many of its problems. Revisiting Gramsci's work as a classical text, which may not provide all the answers that we seek but certainly poses important questions, we suggest how his ideas can be used to develop a fourth-generation regulation approach based on the cultural turn.

Finally, we offer a short conclusion that summarizes the key lessons from the preceding chapters. It highlights the importance of starting from the capital relation and its contradictions in order to understand the necessity, problems and limits of regulation and to reveal the importance of the institutionalization of specific spatiotemporal fixes as the framework within which regulation occurs – always at the expense of displacing and deferring contradictions and conflicts beyond the boundaries and horizons of the resulting zones of relative stability. We indicate the importance of the 'economic imaginary' and other cultural factors, forces and processes in the trial-and-error governance of the capital relation that sometimes leads to relatively stable, but always temporary, partial and provisional, accumulation regimes and modes of regulation.

## NOTES

1. At issue here are norms of production and consumption, with regulation securing their compatibility in a given accumulation regime: see Aghetta 1979.
2. On stylized facts and their place in realist analysis, see Lawson 1989.