

Introduction

The main aim of this book is to offer a critical survey of the Regulation Approach. The latter is an influential theoretical school, born in the 1970s and belonging to the neo-Marxist and radical political economy traditions. This strand appeared in the mid-1970s when some French researchers (Aglietta, Lipietz and Boyer the more prominent among them) produced a series of studies of the capitalist mode of production drawing on a set of identical concepts, the most famous of which are those of the 'regime of accumulation' (RoA) and the 'mode of regulation' (MoR). The RoA is defined as the form of distribution of surplus between capital and labour required each period in order to coordinate the dynamics of production with social demand. It denotes the set of essential economic conditions for the operation of the productive system, including technology, the organization of the labour process and the relations between departments of production. The MoR designates the necessary institutional forms and social compromises for the reproduction of the RoA.

Initially, Regulation's main aspiration was to provide an intermediate analysis which would locate abstract Marxist political economy in concrete historical evolution. Subsequently, Regulation gradually distanced itself from the close association with Marxist political economy and aligned with institutionalism and radical political economy while keeping its main aim of providing a concrete analysis of the historical development of capitalism. In particular, it promised to (a) better capture the historical specificities of different periods of capitalist development, (b) solve the structure-agent riddle and (c) understand the significance of institutions. In order to achieve this goal it adopted a 'middle-range' method of analysis which creates *intermediate concepts* closely related to particular historical periods. This methodology rejects abstract general (or grand) theory which seeks to establish general laws and processes of social motion and then, on the basis of these, to analyse historical developments. Middle-range methodology focuses on specific historical epochs and, instead of analytical tools of general applicability (abstract theory), it produces intermediate tools geared towards immediate empirical analysis.

The main intermediate concepts of Regulation, as already said, are the RoA and the MoR. Through their lenses Regulation attempts to grasp

the crisis-ridden historical evolution of capitalism. It argues that crises, far from leading to the demise of capitalism, generate structural transformations that facilitate its survival and longevity. Systemic contradictions aggravate social antagonisms and produce economic failures. These lead to extensive reconfigurations of the system's *modus operandi* in order to secure its existence. The key to this survival is the support lent to capitalist economic relations by appropriate institutional frameworks. Underneath this assumption lies the belief that capitalism's purely economic mechanisms are unable to secure its reproduction by themselves and necessarily require institutional support. However, for Regulation, these institutional supports are not generated by a general common mechanism but are always conjectural historical products. The famous concepts of Fordism¹ and post-Fordism are regulationist products – based on different combinations of RoAs and MoRs – which hitherto were adopted by other approaches and acquired an independent intellectual life. These concepts stem from the following analysis.

Regulation distinguishes two historical types of RoA: extensive and intensive accumulation; the former historically preceding the latter. Extensive accumulation is characterized by the incorporation of previously existing production processes into a capitalist framework, without major changes in the organization of production and with a tendency towards unbalanced and cyclical growth. Intensive accumulation, on the other hand, is characterized by the radical reorganization of production on capitalist lines and by increasing productivity. Fordism is defined as the functional linkage of intensive accumulation with mass consumption. The underlying hypothesis is that the increased productive capacity generated by intensive accumulation required outlets. Fordism is characterized by the functional integration of continuously revolutionizing production and expanding social demand (mainly as a result of the commodification of wage-earners' consumption and their increased expenditure possibilities). Regulation assumes that Fordism establishes a balanced development of the two departments of production. Finally, with the advent of the crisis of Fordism, post-Fordism is proposed as its possible successor. Emphasis is put on the new information and communication technologies, small-scale production processes, the relaxation of standardized production tasks, the significance of the service sector, new life-styles as stimulants of consumption and so on. However, the definition and the characteristics of this new configuration are far from clear. Post-Fordism is more a pivot for research than a properly defined and coherent state of affairs.

The central argument of this work is that Regulation, in order to explain the evolution of capitalism, resorts to historicism and institutionalism and adopts a middle-range methodology. It is argued that both these

theoretical and methodological perspectives are unfit for the purpose set. Middle-range methodology focuses on superficial and fleeting features of historical reality. Thus, it is unable properly to grasp either the deeper roots or the actual course of historical evolution. Historicism cannot grasp history's essential determinations and institutionalism improperly autonomizes institutions and politics from socio-economic relations. Therefore, Regulation's multi-factor intermediate concepts have limited explanatory power. Instead of being able to capture both the essential unity and the formal separation of socio-economic relations, they end up with an inordinate juxtaposition of economics, politics and so on. The lack of a general theoretical framework led Regulation from an initial mild structuralism to an equally mild post-structuralism and post-modernism. This journey created further problems for its already unstable theoretical structure, exacerbated its explanatory inefficiency and led to its present crisis of identity.

Following from this central argument, two crucial areas of Regulation theory are criticized.

The first area is its periodization theory, which it is argued hinges upon certain highly debatable empirical beliefs which are posited as indisputable truths (stylized facts). The first of these is the belief that mass production (which is equated with Taylorism) became dominant only in the inter-war period. This is rejected and it is shown that the real subjugation of labour to capital and concomitantly the predominance of the extraction of relative surplus-value predominated much earlier than the twentieth century. The second problematic regulationist stylized fact is the belief that capitalist products dominated workers' consumption only after World War II. It is shown that this also is an unsustainable hypothesis. The commodification of workers' consumption (especially by capitalist products) is a necessary prerequisite for the formation of a mass class of waged labourers and thus for the establishment of the capitalist system as such. Thus, workers' consumption provided a mass market for capitalist products long before the supposed Fordist era. Moreover, this mass market was created without an institutionally secured wage. Last but not least, the existence of a post-war social contract between capital and labour is disputed.

The second area of critique is Regulation's relationship to value theory and its macroeconomic modelling. It is shown that Regulation moved from an adherence to value theory to a gradual rejection of it in favour of price and monetary variables. This trajectory is traced back to some older French debates on value theory. It is also linked to the 'Rubin school' and the 'new solution to the transformation problem' (NS), which are also criticized as problematic. In a nutshell, it is argued that Regulation's trajectory from value to monetary concepts weakens its

analytical ability and leads to an inefficient modelling of the macrodynamics of capitalism.

The structure of this book is as follows. The first part offers a presentation and a broad overview of the Regulation Approach. Additionally, it aims to discern and define the essential content of the Regulation Approach, since the latter has witnessed a series of significant transformations during its course. More specifically, later regulationist analyses and theoretical allegiances differ significantly – at least *prima facie* – from the initial ones. One main point of this book is that, despite these ‘wild’ changes, there is an underlying common essence unifying the young and the older regulationist analyses. In order to uncover this essential content, a critical survey of the intellectual origins and inheritances of the Regulation Approach is made. This task is taken up in Chapter 2. After a preliminary overview of the history, the works, the authors and the nature of Regulation – undertaken in Chapter 1 – these origins and inheritances are examined. Particular attention is paid to a number of schools and traditions (such as Althusserianism, long wave theory, the Baran-Sweezy tradition, state monopoly capitalism theory, the Annales school, Keynesianism and post-Keynesianism and institutionalism) all of which conditioned – to a greater or lesser extent – the development of the Regulation Approach.

The second part of this book focuses on the methodological nature of Regulation. In Chapters 3 and 4, and on the basis of the survey of intellectual origins and empirical beliefs made in Chapters 1 and 2, Regulation’s essential methodological content is established. This is shown to be made up of a middle-range methodology combined with a set of perceived empirical beliefs on which the theory is based. Subsequently, this methodology and its accompanying empirical beliefs are shown to be related to Regulation’s periodization of capitalism. A critique of this whole theoretical configuration (in both its methodological and its substantive parts) is proposed.

The third part of this book studies the consumption theory of Regulation. Chapter 5 examines the role and the significance of Regulation’s consumption theory and especially its understanding of the value of labour power and the process of commodification of workers’ consumption. This is an area which is little studied in most surveys of Regulation. Nevertheless, it is found to constitute one of its major pillars. Once the significance of the field has been established then a critique of both the analytical and empirical validity of Regulation’s consumption theory is offered. In Chapter 6 Regulation’s consumption theory is criticized as problematic on both analytical and empirical grounds.

The last part of the book analyses the relationship between Regulation

and the labour theory of value (LTV) and its macroeconomics. Chapter 7 examines the role of the LTV in the regulationist analysis. The LTV provides the main analytical tools for both classical and Marxist political economy. In contrast, Regulation has an ambiguous relation with it. It is employed only by a fraction of Regulation – branded in this book as the value-theoretical wing. This is expressed in the early works of Aglietta and those of Lipietz. However, as Chapter 7 shows, regulationist value-theoretical works suffer from significant problems and misapprehend the LTV. More specifically, they neglect labour time and tend directly to associate value with money. In this sense they represent a precursor of the NS (associated with Foley and Duménil) particularly regarding the concept of the *labour equivalent of money*. It is argued that this analysis flirts with circulationism and fails to grasp properly the macrodynamics of the capitalist system. Finally, their circulationism opens the floodgates for the total rejection of the LTV at subsequent stages, as in the case of the later works of Aglietta. Chapter 8 rounds up the previous discussion by analysing the macroeconomics of Regulation.

A brief conclusion summarizes the analysis of the previous chapters and rounds up the general conclusions.

NOTE

1. The term Fordism was first introduced by Gramsci (1971, chapter on 'Americanism and Fordism', pp. 279–316). It was relaunched by Palloix (1976) and applied to the theorization of the labour-process – rather than Gramsci's more culturalist interpretation. Although Palloix mentions Aglietta's (1974) thesis as a source of inspiration, it seems that his formulation precedes that of Regulation and also differs from it. Afterwards, the Regulation Approach advanced its own formulation which, together with the similar – although not identical – definition by other authors (for example, Piore and Sabel (1984), Gordon et al. (1982)) shot to fame.

