

THE FRENCH REGULATION SCHOOL: A CRITICAL REVISION

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SUMMARY

The French regulation school sets out to carry out an analysis of Capitalism and its transformations, with the purpose of understanding the periods of stable growth and the moments of structural change. The object of this paper consists of carrying out a critical revision of the contributions of this school, concentrating on the conceptual framework that it has developed. For this, in the first place the influences that marked the regulation approach will be reviewed, with special attention on its recovery from the Marxist tradition. Secondly, the ontological and methodological differences between the regulation approach and the neoclassic economy theory will be highlighted. Thirdly, the fundamental concepts of the regulation school will be examined. In fourth place, it will be seen how, from these concepts, the crisis at the beginning of the 1970s was interpreted. In fifth place, how the regulation approach is thought as to the relation between economy and policy. In sixth place, the question of the international dimension will be examined. Finally, the main objections that have been presented to the regulation approach, will be shown and will be evaluated critically.

KEY WORD: French regulation school, Fordism; post-Fordism; crisis.

INTRODUCTION

As said by Lipietz (1988), the French regulation school arises within a crisis context. It is a double crisis: on one hand, the recession at the beginning of the 1970s, triggered by the increase of the oil price, and on the other hand, the crisis of the economy theory prevailing up till then – the Keynesian one –, that was surpassed by the inflation phenomenon. It is at this moment when the theoretical neoclassic monetarist framework settles down as dominant and, at the same time, there arises the regulation approach in France.

Boyer (1995) says that the French regulation school sets out to carry out an analysis of capitalism and its transformations, with the purpose of understanding the periods of stable growth and the moments of structural change. Within this general framework, two main currents of the regulation approach in France can be identified. First of all, the current that arose in the University of Grenoble, from the Groupe Recherché sur la Régulation de l' Economie Capitaliste (GRECC), directed by Gérard Destanne de Bernis, under the influence of Francois Perroux and Christian Palloix. Secondly, the current that settled down in the University of Paris, in the Center d'Etudes Prospectives d'Economie Mathématique Appliquées à Planification (CEPREMAP), whose main referents are Michel Aglietta, Robert Boyer, Alain Lipietz, Jacques Mistral, Hugues Bertrand and Bernard Billaudot, among others. This second group became a theoretical school with repercussions at world-wide level, thus, at present; the regulation school is directly identified with this Parisian current.

The two currents also are different in their conceptions of the accumulation process and their entailment with the regulation and also in their conceptualization of the structural crisis. Therefore, it is possible to see, as affirmed by Jessop and Ngai-LingSum (2006), that there does not exist a school of homogenous regulation, but that it is a research program in which authors are included, who have divergent points of view in several aspects.

Our objective is to carry out a critical revision of the contributions of the French regulation school, centering on the conceptual framework developed by the Paris current¹. In the first section, we will review the influences that marked the regulation approach, stopping especially in its recovery from the Marxist tradition. In the second section, we will highlight the ontological and methodological differences between the regulation approach and the neoclassic economy theory. In the third section, we will examine the fundamental concepts of the Parisian regulation school. In the fourth section, we will see how, from these concepts, the crisis at the beginning of the 1970s was interpreted. In the fifth section, we will analyze how the regulation approach thinks on the relation between economy and policy. In the sixth section, we will dedicate ourselves to examine the international dimension, which is considered one of the weakest points of the regulation approach. In the seventh section, we will show the main objections that have been presented to the regulation approach, and we will evaluate them critically. Finally, we will outline some final reflections.

DEVELOPMENT

1. The Marxist filiations and other influences

The authors of the regulation approach carry out an original synthesis of several currents of thought, which are retaken with critical spirit. Among the main influences we find Karl Marx's paper, the historical Annals school, Keynes's macroeconomy theories, Kalecki's and the post-Keynes authors and the North American institutionalism.

Of the Annals historical school, which has among its main referents Fernand Braudel, Ernest Labrousse and Georges Duby, the regulationist authors retake the necessity of an interdisciplinary approach that ties the economy with sociology and history. On the other hand, of the North American institutionalism, retakes the importance of the institutional forms understood as codifications which tend to stabilize the patterns of individual and collective

¹ As shown by Jessop (2006), it is possible to find approaches of the regulation in other European countries apart from France, and also, in the United States, Latin America and Asia. Due to space limitations, in this paper we will concentrate in the concepts of the Paris regulation school.

action. With respect to the macroeconomy theory, the regulation approach gives great relevance to the problems derived on behalf of the demand, to the economy cycles and structural unemployment. In this sense, it is possible to emphasize the kaleckian contributions, that, according to Lipietz (2001), they represent the missing link that ties Marx and Keynes.

As to Marx's recovery, the authors of the regulation school retake the Marxist inheritance from a non-dogmatic perspective. They recognize the influence of the althusserian interpretation of Capital, although they criticize structuralism by neglecting the historical dimension, and therefore, the possibility of social change. As maintained by Lipietz (1988), the regulation approach is a priori against the functionalist and teleological interpretations they postulate, for example the necessity of the succession of a competitive stage of Capitalism to another monopolistic one. Against the economy determinism, the regulationist authors set out to study the ascent and the crisis of the different development modes² without resorting to general laws that operate in the long term.

Boyer (1990) shows that, starting off from Mark's concept of production mode; the regulation approach searches to characterize the particular configurations of the social relations of production and interchange that allow the reproduction of the material conditions existing in society. In contrast to other Marxist currents, the authors of the regulation school are against the idea of automatic correspondence between social production relations and the development level of the productive forces such as the dichotomy structure economy superstructure /legal-political and to the determination of the second by the first.

With respect to the analysis of the capitalist production mode, Lipietz (1988) shows that this one is characterized by specific configurations of the production relations and interchange. As far as the interchange, this one is carried out under the mercantile form. As far as the production, there is a separation between the direct producers and the property of production means, which gives rise to the wage relationship, i.e., to the sale of the work force, which introduces the fundamental social division between work and capital.

²This concept will be treated in detail in section 3

Following this analysis, one reaches the conclusion that the mode of capitalist production is inherently contradictory. As much as the relation between capital and work, as the competition between the same capitalists, and the entailment between the accumulation in the production sphere and the accomplishment of the value in the interchange sphere are characterized by their fundamental unrest.

Then, the question that arises is how a production mode with these characteristics, inherently contradictory, can remain throughout time. The answer that the regulation approach offers is based on the idea that the contradictions can be attenuated for certain periods of time, as for example happened during the 30 years after World War II in the advanced capitalist countries.

From this one derives the concept of institutional forms, which is used by the regulationist authors to explain the regularities in the accumulation process and the individual and collective behaviors that allow to temporarily solve the inherent contradictions to the mode of capitalist production. Nevertheless, one must highlight that, from the regulation approach, stability is not guaranteed in the long term. These questions will be analyzed with more detail in the following section, opposing the regulation school conceptual framework with the one of the neoclassic theory.

2. **Differences with the dominant economy theory**

The regulation concept acquires importance insofar as it sets off from the assumption that the capitalist accumulation is not a process that self-regulates, but needs an institutional framework that guarantees its stable reproduction throughout time. This assumption, that is in the base of the regulation approach, is opposed to one of the fundamental hypotheses of the neoclassic economy theory: which postulates that markets are self regulating and tend to balance. According to the regulationist authors, the market mechanisms must be complemented or directly replaced by collective regulations that operate as measuring mechanisms, giving macroeconomy coherence to the production and consumption decisions

made. Aglietta (1998) maintains that the institutions, like money and wage relationships, are mediating mechanisms.

Following Karl Polanyi, the regulation approach is based on a substantive conception of the economy, i.e., it understands the economy as the study of the forms that take the social relations for the production of the material conditions of man's existence. The economy understood thus, is an institutionalized process, it is found fitted into economy institutions but also in political and religious, among others. However, the neoclassic theory is based on a formal definition of the economy, which has as reference a logical relationship, which establishes itself between means and aims, and more specifically, between alternative uses of scarce resources. From this perspective, the economy is conceived as the study of the distribution of scarce goods to alternative aims.

Another difference between regulationism and the neoclassic economy theory, from the methodological point of view, can be resumed in the opposition holism-individualism. The regulation approach has a holist vision, whose departure point is located in the social relations. In this sense, the collective action is analyzed from a historically determined perspective, incorporating to the analysis the institutions and the collective actors. However, the methodological individualism of the neoclassic economy theory, considers the collective action as the result of the aggregation of the behavior of atomized individuals, independent one from another.

On the other hand, whereas the neoclassic theory looks for micro-economy foundations for the macro-economy theory, one can affirm that the regulation approach carries out an inverse operation: it looks for the macro-social foundation of an alternative micro-economy. I.e., the regulation approach concentrates in the following question: how decentralized production decisions and interchange give as a result a stable dynamics that allows the reproduction of the economy system.

In order to conclude with the differences between the regulation school and the neoclassic economy theory, it can be observed that the first one assigns great importance to the study of history. I.e., one is a specified spatially-temporal approach, which historizes the

process of development of Capitalism. But, the neoclassic theory naturalizes the mode of capitalist production, through the postulation of laws that are considered universal, valid for any time and space. Unlike the neoclassic economy, the regulationists emphasize the spatial-temporal variability of their hypotheses and do not consider valid the extrapolation of conclusions from a period or a country to another one.

3 **Fundamental concepts of the regulation approach**

We will begin with the regulation concept. One must emphasize that its construction responds to a certain conception of what is social. According to Lipietz (1988), below the regulation concept, one finds ontology of what is social in which the conflict has a fundamental role. Then, the regulation concept makes reference to the mode in which the social relations are reproduced through time in spite of their conflicting and contradictory character. Taking some notions from Antonio Gramsci and Pierre Bourdieu, Lipietz maintains that the social totality reproduces itself as from the establishment of hegemony on the part of certain groups and by the assimilation of norms – habitus - that guide the practices of the different groups. The major crises and the moments of structural change emerge when the conflicts that characterize to the social relations, can no longer be contained. Therefore, Lipietz maintains that regulation and crises constitute two faces different from the accumulation process.

Aglietta (1998) proposes a reasoning similar to Lipietz's, although part of the own characteristics of the mode of capitalist production. It maintains that since the dynamics of the accumulation of capital does not contain mechanisms which self-limit it – which makes it strongly unstable, the existence of social institutions are necessary to mediate in the conflicts. Taking this into account, Aglietta defines the regulation mode as the set of mediations that guarantee that the distortions generated by the accumulation process of capital be canalized in such a mode so as to generate a coherent and stable configuration, that assures the compatibility of the actions of the different actors.

Then, the regulation modes correspond to historical moments and certain spaces. They also are made up of institutionalized or structural forms, result of institutionalized compromises, laws, rules and norms, explicit or implicit, commitments and negotiations and systems of common values that guide the collective and individual behavior.

In a mode of capitalist production, the main institutional forms that compose the regulation mode are: the wage relationship, the money, the State, the competition and the international regime. On the other hand, it is possible to distinguish two ideal types of regulation modes: competitive and monopolist.

Another fundamental concept of the regulation approach is the accumulation regime. This concept makes reference to the mode in which systematically the social product is distributed, guaranteeing the reproduction of the production conditions in the different sectors and the final consumption. In a production mode without central planning, like the capitalist, this makes possible the validation in the market of the different works carried out in a private and independent mode. The regulation mode supports the regime of dominant accumulation, assuring the compatibility of the decentralized decisions made by the different economy actors, throughout time. It is possible to distinguish between two ideal types of accumulation regime: extensive (based on the extension of the production scale) and intensive (based on changes and intensification of the productive process).

The concept of development mode designates to the set of the accumulation regime and the regulation mode. Next, we will in detail, develop the characteristics of another central concept of the regulation approach, the Fordism one, which is about a specific development mode.³

Lipietz (2001) defines Fordism as the development mode that had was in its height in the period subsequent to World War II, in the western world and was partially imitated by

³One must highlight that the Fordism concept was not coined by a regulation school. In fact, Antonnio Gramsci (2008) was one of the first authors to point out the surging of Fordism in the United States and examine its characteristics.

some third World countries, in their models of imports substitution. According to Lipietz (1994), the fordist development was characterized, from the point of view of the productive system, by mechanization, combined with the taylorist principles of work organization. This implies, first of all, that the mass production of series of homogenous products was structured by the assembly line, taking advantage of useful scale economies. Secondly, taylorism or scientific organization of work took as a principle, the separation between conception and execution of the work, and as from a study of times and movements it allowed the fragmentation of the work process in simple and repetitive tasks. As a result of this form of work organization, it was possible to obtain fast and continuous productivity increases.

The accumulation regime associated to Fordism, on the other hand, sustained itself in the growth of the domestic market and the consumption of masses, necessary for the accomplishment of what had been produced. This macro-economy logic depended on the redistribution of the increases of productivity between capital and workers. Finally, the mode of regulation associated to this regime was characterized by the collective negotiation of work contracts - that determined strong rigidities in wage contracts and the social policies of the Keynesian Benefactor State.

In synthesis, it was an intensive accumulation regime with a monopolist regulation form. This gave rise to a process of endogenous growth characterized by a functional distribution of the stable income, with real wage increases tied to the increases of productivity, low rates of unemployment and high levels of investment. For this reason, Aglietta (1998) and other authors call Fordism, as a salary society.

4 Interpretation of the crisis of the 1970s

Since the regulation approach, the changes that happened as from the 1970s are interpreted as the crisis of the Fordism development mode and the coming of what is called

post-Fordism. In the productive sphere, this implies changes in the work mode, in the valuation strategies of the capital and in the technological system. On the other hand, within
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the political scope, it involves a process of reconstruction of State welfare, in accordance with the new accumulation needs.

The crisis of the 1970s is explained, according to Lipietz (1986) and in Marxist terms, as from a drop in the gain rate, caused by very rigidities of the Fordist-Keynesian configuration. It is a structural crisis, which shows the contradictory character of capitalist accumulation. It affects as much the accumulation regime as the regulation mode. Therefore, it gives rise to a time of deep economy and political reconstruction, which, according to some authors, continues up till the present day.

The analysis of the causes of the fall in the gain rate is complex. Lipietz (2001) maintains that on one hand, by the greater internationalization of the markets and the production as from the 1970s, which determined the search of competitiveness via low wages. On the other hand, at this same moment, Taylorism reached its limit, and the increases of productivity no longer were sufficient to maintain the commitments between capital and work.

The new modes of development, which the regulationist authors characterized in general terms as post-Fordism, are, up to the present, fragile and unstable. The articulation of Fordist forms of production organization (sometimes called neo-Fordism) with other new forms is common, such as Toyotism, and with traditional forms, such as artisan and family.

Toyotism, also called ohnism or Japanese model, is based on the production of a high variety of goods in short terms and reduced amounts. This model is more flexible than the Fordist as it allows the adjustment of the production to the demand, maintaining zero stock. On the other hand, it requires major participation major responsibility of the workers in the labor process. Unlike the Taylorist principles, the Japanese model is sustained in self-organized and multipurpose work groups. Nevertheless, it is possible to emphasize that along with a proportion of elite workers who conserve the full-time permanent employee

character, from which one expects high involvement in the labor process, there coexist the figures of the precarious worker, ^{Natalia Gajst}intermittently unemployed, at the disposal of the subcontractors and services enterprises.

According to Lipietz (2001), the new established development forms, in the central countries were able to recover the rate gain at the levels of the Fordist time, at the cost of a reduction of the work participation in the distribution of the income. Then, the exit of Fordism took place as from the destruction of the rigidities in the social commitments and the coming of a period of greater flexibility. This happened in the United States, Great Britain and France, among others countries. Lipietz denominates neo-taylorism, since it is the application of the Taylorist principles of work organization, using the new information technologies, but without the guarantees that prevailed for the workers during Fordism.

A different exit from Fordism is the one followed by Japan, Germany, Northern Italy and Scandinavian countries. It was the establishment of new commitments with the workers, to obtain productivity increases as from high involvement, from enterprises (such as Japan), industrial branch (Germany, Northern Italy) or from all the society (Scandinavian countries). Lipietz shows that, in the 1980s, this second model was more successful than the first, from the point of view of international competitiveness. Thus, from the Fordism crisis a new international work division arose, with a center formed by industries that require highly qualified described work, with higher and more rigid wages, and a flexible periphery, with lower wages. This matter will be developed in more detail in section 6.

5 The relationship between economy and policy

According to Boyer (1995), the regulation school is a framework within the political economy field. For this author, this implies the necessity to carry out a joint analysis of the political and the economy matters, in which the articulations between the production sphere, the consumption sphere and the State are highlighted.

Boyer (1992; 1995) maintains that one of the traditional debates of the economy policy is based on the Market-State counter position. Until the 1929 crisis, in the Orthodox Economy, there reigned the belief in free market operation, a conception that changed with the surging of Keynesianism and the important state interventions in money and work

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markets. As from the 1970s, there begins a stage in which, once again, the prevailing speech is the one of market efficiency and the deregulation demands of the economy and aperture to international trade. Within this context, the national governments lose important tools of monetary and fiscal policy.

One emphasizes that the State is considered by the regulationist authors as one of the main institutional forms that compose a regulation mode. As well, from the State, other fundamental institutional forms are derived, as money and wage relationship. For this reason, it is very important for the regulation school the study of the different state forms, and its entailment with the accumulation process. Nevertheless, one of the main criticisms which have been formulated to the regulation approach is based on the nonexistence of a clear State theory, as recognized by Boyer (1990). This point will be developed in section 7.

6 The International Dimension

One of the less theorized matters by the regulationist authors is the one of international regulation. In fact, Boyer (1990) affirms that the operation mode of the institutional forms at international level constitutes a non-resolute problem up till the present. In the analysis of Fordism, the emphasis was in the national institutional forms, like the monetary regime and the wage relation. Nevertheless, as from the Fordism crisis and the greater internationalization of production and commerce, it is possible to see an increasing contradiction between the accumulation process that is developed at to international scale and the forms of regulation pertaining to the national spheres.

Alnasseri et al (2001) examine how was theorized the spatial dimension of the accumulation of capital on behalf of the regulation school⁴. They show that although the fordist stage is generally considered by the regulationist authors as a moment of self-centered growth and national regulations, ~~it is also~~ ^{Natalia Gajst} a stage in which a process of unequal development at world-wide level took place, with the establishment of a certain system of international work division, with the appearance of new international institutions (like the United Nations, the World Bank and the International Monetary Fund), at the same time as the decolonization of numerous countries was completed, and the hegemony of the United States consolidated.

As far as the problem of the unequal development, Lipietz's (1992; 1994) concept of peripheral Fordism⁵ represents a great contribution. This author shows that the old international division of work, which was developed between mid XIX century and World War II, was based on the exchange of manufactures produced in the central countries for primary products exported from the periphery. In this period, the role of the periphery consisted of contributing raw materials and work force to the central countries, and essentially, in constituting a market for the positioning of the industrial production of the center. Nevertheless, with the appearance of Fordism in the central countries and the development of its domestic market, the periphery loses importance as a market. At the same time, the industrialization process begins by substitution of imports in several periphery countries. Lipietz speaks of peripheral Fordism or sub-Fordism to describe this situation, since the internal social structure of the peripheral countries did not allow Fordism be developed in the same mode as in the central countries.

According to Lipietz, a new pattern of international work division was established as from the 1970s. On the one hand, new industrialized countries consolidated, as from a productive oriented system to export, with high flexibility and low wages. On the other hand,

⁴ As to this matter, one should highlight the contribution of geography theorists, e.g. David Harvey (1998), who studied the concrete spatial configurations, generated by capitalism, at domestic, national, regional and global level.

⁵ One must also highlight the analysis carried out by Carlos Ominami (1986) on the impact of the 1970s on the different development modes followed by the Third World countries.

the new capitalist center was constituted with a tendency to Toyotism, with high involvement and workers qualification.

The new information and communication technologies, as far as to allow the geographic separation of the productive activities, the financial activities, the activities of research and development, and the final assembly, opened up a time of increasing polarization of the space. Therefore, in post-Fordist Capitalism it is possible to distinguish

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between three different types of economy spaces: technological innovation centers and financial centers (that have highly qualified work force and high wages); intermediate traditional industrial centers (with qualified work force and intermediate wages); and spaces with non-qualified work force reserves and low wages.

7 Regulation School Critics

Different kinds of criticism have been formulated to the regulation approach. Now we will examine the main criticisms made to the theoretical aspects of the approach and we will try to evaluate if they are fundamental as to what is said in the previous sections.

First of all, the regulation school is criticized alleging that it is based on a functionalist approach, due to its emphasis in the study of institutions that would guarantee social stability. Nevertheless, as already seen, the regulationists authors pretend to analyze as much the periods of stable growth as the times of crisis, and affirm that both are constituent of the mode of capitalist production. On the other hand, the regulation approach is opposed to the functionalist a priori interpretations, i.e., it does not sustain that Fordism was the necessary consequence of the previous historical stage, but it was one among numerous possible development modes, which finally turned out to be the dominant one, during a certain period and in a certain place.

Secondly, one affirms that the regulation approach has not obtained, up till the present, to characterize in a definitive way the development mode that succeeded Fordism. This problem has been analyzed, partly, in section 4, in which the explanations of the crisis of the

1970s were examined. Although it is certain that the post-Fordism concept owns different meaning, that varies considerably according to the author who uses it, it is necessary to consider that it is a new phenomenon, in the heat of development at the present time, thus it turns out problematic to theorize it in a finished mode. Nevertheless, a characteristic of the post-Fordism exists in which all the authors agree, that is to say: the predominance of the flexibility, in opposition to the typical rigidity of the Fordism.

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Thirdly, it is maintained that the regulation school has not developed a State theory. This is indeed one of the weakest points of the approach, as emphasized by Jessop and Ngai-LingSum (2006). This question has been examined in section 5, particularly in which it touches to the relation between the State and the economy process of accumulation. With respect to this, it is possible to emphasize that for example Lipietz (1988) explicits that is based on a gramscian conception of the State.

Finally, criticism to the regulationists authors to be exclusively made emphasis in the national problems of the central countries, neglecting the problems of the peripheral countries and the relation between everyone, that is to say, the global dimension. Another critic, closely related to the previous one, accuses the regulationist authors to have ignored the question of the spatiality of the accumulation. These subjects have been developed in detail in section 6. Although this question surpasses the reaches of the present work, is possible to add that, at present, regulationist authors of second and third generation exist who are looking into these problems, from the theoretical point of view like from the empiricist.

CONCLUSION

In this work we set out to essentially realize a critical revision of the contributions of the French regulation school, examining the theoretical framework that this school has

developed. To this end, we analyzed the influences that marked the regulation school, and we compared it with the dominant economy theory. Also we reviewed its main concepts and we emphasized two aspects that are not generally considered: the question of the relation between economy and policy and the international question. Finally, we presented/displayed some objections that have been formulated to the regulation approach, we evaluated them critically.

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In order to conclude, it is possible to emphasize, as maintained by Jessop and Ngai-LingSum (2006), that the regulation approach constitutes a research program that has borne many fruits in the field of the heterodox political economy. For this reason, in spite of the weak points that have been indicated and the numerous critics, one is a line of research that probably continue generating new contributions, theoretical as much empirical, with the aim of extending our knowledge on the operation mode of capitalist production.

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