



Whither Regulationism: Reflections on the Regulation Approach

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ABSTRACT. Against the background of ongoing global crisis of capitalism, the article reflects on the most important and intriguing contributions of the French Regulation School within the Marxist tradition to critical international political economy. In particular, it examines and critiques the respective theses of principal regulationists—Aglietta, Lipietz, and Boyer—about capitalist stability, contradictions, dynamics, and relations. Aglietta's limited conception of crises and contradictions is scrutinised by proposing a framework of agential-structural interrelations—specifically, the interactions between class struggle and market-dependence—in understanding capitalist relations and processes. Lipietz's level of analysis on 'national' capitalism is questioned with a comprehension of the global character and universalising tendencies of capitalism. And Boyer's reading of finance-led growth as the new regime of accumulation is explored with an argument to put more significance on reproduction than regulation and to bring back production and its interaction with the system of exchange in the analysis of capitalist development. The conclusion proposes a synthesis of regulation approach and the concepts from classical Marxism to better capture the specificities of contemporary capitalist development.

Introduction

The world capitalist system is under the conglomeration of interdependent and interrelated crises. This time around the epicentre of the global economic crisis was the United States from where it rapidly spilt over into a concatenation of crises in the advanced industrial economies of Europe. It has become palpably evident that the recent catastrophe is a culmination of the cumulative effects of the simultaneous crises in finance, production, food, environment, energy, and governance that have been plaguing the world since neoliberalism replaced the Keynesian economic model during the 1970s crises. Just in the last 20 years both the developed and developing world, in varying degrees, have gone through a series of major economic, financial, currency, banking, and debt crises in, *inter alia*, Scandinavia (early 1990s), Mexico (1994), East and Southeast Asia (1997), Russia (1998), Argentina (2001), Turkey (2001), US (2007), and Europe (2010). Certainly, these economic crises engender political conflicts over power and resources between social classes across nations. But why does capitalism, despite it being ridden with economic crises and social conflicts, continue to thrive and survive?

The Regulation Approach (RA) in the field of international political economy (IPE) attempts to offer specific institutional answers to this puzzling question on the capacity and capability of the capitalist system to expand and to stabilise for a fairly long period notwith-

standing its inherent structural contradictions. Michel Aglietta (1979), the pioneer of RA, elucidates the 'essential idea' of his seminal work *A Theory of Regulation*: 'that the dynamism of capital represents an enormous productive potential but that it is also a blind force. It does not contain a self-limiting mechanism of its own, nor is it guided in a direction that would enable it to fulfil the capitalists' dream of perpetual accumulation' (Aglietta 1998: 49). Building on Aglietta's conceptual and theoretical frameworks, Alain Lipietz (1985a) and Robert Boyer (1990) subsequently made their respective contributions to RA in explaining one of IPE's research problematiques.

This article reflects on the somewhat different but largely complementary contributions of Aglietta, Lipietz, and Boyer or the so-called French Regulation School.² It must be noted that RA is but one of the theoretical schools within the Marxist tradition that attempts to provide an essential understanding of the forces at work behind the crisis of accumulation (see Jessop 1990; Robles 1994; Jessop and Sum 2006). In the critical IPE literature, French Regulation Theory arose at about the same time as, and bears some resemblance to, the American 'Social Structure of Accumulation Theory' (SSA), which was introduced at the beginning of the 1980s by a group of economists, notably, David Gordon, Samuel Bowles, Richard Edwards, Michael Reich, and Thomas Weisskopf who studied the history of capitalist development in the United States with particular emphasis on the changing patterns of capital accumulation and the changes in labour processes and in the structure of labour markets (Gordon 1978; Gordon, Edwards, and Reich 1982; Bowles, Gordon, and Weisskopf 1983; see also Kotz 1990, 1994; Kotz, McDonough, and Reich 1994; McDonough, Reich, and Kotz 2010). A key difference between RA and SSA has to do with the orientation or focus of analysis. Whilst RA can be said to be more of a 'structuralist', SSA is more inclined to 'voluntarist' interpretations of the processes of accumulation and change. Here then lies the strengths and weaknesses of these respective approaches. Whilst RA puts much importance on structural forces and their tendencies, SSA privileges the question of agency particularly class struggle and other conflicts in the accumulation process. As such, RA offers inadequate attention to class struggle, whereas SSA gives insufficient attention to the forces and imperatives of structures (see Kotz 1990, 1994; cf. Aglietta 1979). Furthermore, in comparison with RA, which is more of a progressive academic research programme to analyse, rather than propose alternatives to, the capitalist system (Jessop 2001a), SSA combines academic endeavour with a workers-led political project by categorically proposing democratic alternatives to the crises and contradictions of capitalism (see, e.g., Bowles, Gordon, and Weisskopf 1983; Gordon, Edwards, and Reich 1982).

RA puts forward four fundamental theses. First, a society, as well as the economic activities within it, is viewed as a 'network of social relations'. Second, social relations are 'contradictory' whereby crisis is 'normal' and non-crisis 'a rather chance event'. Third, there are periods of stability in the reproduction of capitalist social relations. This continuing system is a *regime of accumulation*. In particular, post-World War II regime of accumulation was referred to as 'Fordism', characterized by mass production (i.e., assembly line production) and mass consumption by the working class. And fourth, there are ways through which this regime of accumulation is achieved. It is institutionalized in the *modes of regulation*, which are a set of behavioural patterns and institutions (Lipietz 1987a; see also Lipietz 1986).

What concerns this article is the examination of the RA research programme in understanding capitalism through a critical enquiry of whether the approach does indeed provide plausible answers to its main question on the perpetuation of capitalist expansion and stability. It reflects upon the claims of the RA by examining its fundamental theses and its methodological, epistemological, and ontological assumptions as advanced by the pioneer regulationists, namely, Aglietta, Lipietz, and Boyer. To this end, it recognises that the regulationists' agenda is 'to develop institutionally sensitive comparative and historical analyses of

capitalism rather than to look beyond capitalism(s) in order to propose alternative, post-capitalist modes of production and/or regulation' (Jessop 2001a: 90).

The argument of this article is developed in the four sections that respectively address the essential theoretical claims of the principal regulationists. The first section scrutinises Aglietta's proposition that the root of capitalist crises is the upsurge of class struggle. It then makes a proposal of synthesising this largely *agential* reading with an appreciation of 'market-dependence' as a fundamental *structural* contradiction of capitalism—that is, that the survival and reproduction of both capital and labour depend on the market. The second section questions Lipietz's fixation with 'national' capitalism and his refusal to integrate global capitalism as a system in the regulation research programme. The third section provides a case for the theoretical power of classical Marxist's analysis on the self-expansion of capital through the concepts of reproduction and production as opposed to Boyer's privileging on regulation and exchange. The fourth and concluding section reflects on the limitations of RA and thereby suggests that RA's focus on agency, national capitalism, regulation, and exchange be synthesised with the classical Marxist concepts of structure, global capitalism, reproduction, and production. Such synthesis is crucial to RA's need to remain relevant.

Michel Aglietta: On Crises and Contradictions of Capitalism

One of the core theses of RA is that capitalism is always in crisis; and that its structure is contradictory. There are, however, periods when the system stabilises after a series of ruptures. Thus, understanding the dynamics of crisis and contradiction of the capitalist system is crucial to an enquiry as to the epistemology and ontology of the theory.

For Aglietta (1979), the main source of crisis and contradiction is class struggle. Coming from the discipline of macroeconomics, he uses the analogy of the relationship between Department I (production) and Department II (consumption) in which under the capitalist system the former tends to develop more rapidly than the latter. Whilst Aglietta does not explicitly espouse the 'disproportionality theory of crises' in which capitalism tendentially overproduces far more than what can be consumed; he asserts that '[t]he root of these crises is always the upsurge of class struggle in production, which jeopardizes the expanded creation of surplus value on the basis of the prevailing organization of the labour process' (Aglietta 1979: 352). To realise the system's stability—that is, to have a harmony between production and consumption even though the former almost always overwhelms the latter—capitalist production must revolutionise the conditions of existence of the working class.

This stabilisation mechanism of capitalism was manifest as shown in Aglietta's study of the long boom in the United States under the Fordist development model in the 1950s and 1960s (Aglietta 1979; cf. Aglietta 1998, 2000). Capitalism's overproduction tendencies were subdued by combining further transformations in the labour and production processes with the formation of a social consumption norm to ensure the development of relative harmony between Department I and Department II. In concrete terms, the adoption of semi-automatic assembly-line production was matched with an intensive process of the commodification of everyday life and the project of a welfare state that encouraged and underwrote mass consumption. Moreover, the period of Fordism represented a fairly stable regime of accumulation that was also wary of the tendency of the rate of profit to fall. Since self-correcting mechanisms in the capitalist system is nonexistent, this particular phase of regular accumulation is attained through institutional fixes in labour-production patterns and cultural norms.

Capitalist crises and contradictions are the subject and object of the mode of regulation in establishing a regime of accumulation—that is, a longer-term period of systemic stability. However, Aglietta's relatively narrow conceptions of these phenomena pose important limita-

tions on the analysis of capitalist dynamics. By reducing the contradiction in capitalism to mere distributional conflict between capital and labour, Aglietta glosses over the imperatives of the capitalist structure—particularly, the dependence of these conflicting agents of capital and labour on the market structure. Whilst class struggle is indeed a contradiction in capitalism and also the motor of historical change, it is essential to relate this agential class conflict with the broader structural contradictions of market-dependence (cf. Wood 2001, 2007). There is, of course, no clean separation or rigid distinction between structure and agency; hence, both have to be viewed in evolving interacting moments and in dialectical terms. Capital and labour depend on the market for their survival and reproduction; and it is this contradiction that capitalist institutions are trying to resolve, to regulate, and to reproduce all at the same time. Aglietta's approach founders on its theoretical and methodological inability to grapple with the contradiction of market-dependence. In particular, the concepts of regime of accumulation and mode of regulation which point to class struggle—meaning, that a period of stability is achieved when there is a harmonious relationship between capital and labour, and that this could be realised through an ensemble of norms, institutions, relationships, and the like—do not profoundly capture the logic of capitalist reproduction. At the heart of this logic is the reproduction of multifaceted conflicts between agents and structure, between competing capitalists, and within conflicting labour themselves.

The contradiction of market-dependence starts from the proposition that capitalist social relations—including the processes of production, appropriation, and distribution—are 'mediated at all points by exchange'.³ In other words, capital and labour, individually or in relation to one another, are dependent on the market. This argument is best laid out by Ellen Meiksins Wood (2001: 284): 'Market dependence in capitalism constitutes a *fundamental* contradiction because, as in no other social form, it is a fundamental condition of survival and social reproduction, on which it imposes its imperatives of competition and profit-maximization'.

There is a dependent relationship between capital and labour; but this relationship is reinforced by the market, guaranteeing a structure of the real subsumption of labour to capital. A deeper contradiction therefore underpins Aglietta's notion of a 'national bargain' between state, capital, and labour where, such as in the Fordist experience, a relatively harmonious relationship among them leads to stability. It is for this reason that RA does not adequately capture how the dynamics between capital and labour work as market-dependent classes. Take for example what Pablo Gonzalez Casanova (2001) refers to as a 'negotiated contradiction', which looks beyond the struggle between the two antagonistic classes. Workers are a class not only in permanent conflict but also in permanent negotiation with those who pay them wages. Within the system of capitalism, the most powerful negotiators are the capitalists who are going to do everything they can to weaken the negotiating power of the workers, constructing social spaces where the owners are stronger and the workers are weaker. Capital is able to make labour negotiate from a position of weakness. Reinforcing this capital offensive against labour are the states, working all together in the essential common task of maintaining the hegemony of capital over labour, and not merely the peaceful coexistence between them.

In its attempt to take account of the stabilising potential of capitalism despite its conflictual and antagonistic nature as well as its provisional, unstable, and contradictory character, RA introduces the notion of *regulation* to complement and modify the old Marxist conception of 'reproduction' (see Jessop 2001b; Jessop and Sum 2006). It has however become obsessed with regulation—specifically, the institutional antidote to resolve crises. Consequently, it has systematically neglected the very existence of capitalist institutions. Under conditions of capitalism, institutions do not simply work for the establishment of equilibrium between production and consumption, nor do they merely resolve class struggle and regulate market failure. All capitalist social institutions enforce the imperatives of market dependence (Wood

2001). At the heart of their objective is the maintenance of the hegemony of capital over labour, and not the stability of the system of contented workers. Capitalist institutions are all too aware that there is always resistance from workers and all the exploited groups in their drive for capital accumulation. Yet, it must be noted that this does not preclude the reality that these institutions are also market-dependent, and hence subject to the inherent precariousness and instability of the capitalist mode of production. The notion of a ‘*regime* of accumulation’ as a long period of relative stability is thus, to a large extent, misleading because capitalism is as ever crisis- and conflict-ridden.

The contradictions of market-dependence constitute class struggle. Whilst it is certain that class struggle can tremendously affect profitability, there exists an inherent contradiction within the relations of capital—even in the presence or absence of their conflict with labour—and that is the need for capitalists not only to cooperate but also to compete with one another in order to increase the rate of profit and lower the cost of labour. This internal structural contradiction is not solely caused by agential class struggle, and can neither be corrected by the absence of it (Wood 2001). It is simply the contradictory logic in the regime of capitalist accumulation: its dependence on its own structural relationships that, on the one hand, generates surplus and pressures towards convergence but, on the other hand, also produces conflicts, incoherence, vulnerabilities, and resistances.

Alain Lipietz: On National Capitalism and World Capitalism

The limitations of the RA’s privileging of regulation—particularly, the concepts of regime of accumulation and mode of regulation—is once again manifested in its level of analysis. RA utilises ‘an *implicit* critical realist ontology and epistemology’ in which capitalism is examined ‘as a specific object of inquiry with specific structures and mechanisms rather than presenting an underlabouring philosophical argument for the validity of critical realism in general’ (Jessop 2001a: 90). Its focus is on the specificity of individual national situations, ‘studying long run transformations of national economies, by working out systemic international comparisons’ (Boyer 2010). Consider the straightforward, yet provocative and contradictory, statements of Alain Lipietz (1987a) on RA’s level of analysis.

First, Lipietz recognises the reality of the internationalisation of production and the need for RA to integrate this phenomenon into the research programme. He notes that:

The theme of the internationalization of production has become increasingly important for the whole approach. In the beginning, our main field of research was Fordism, which was one of the most nation-centered regimes of accumulation in history...Fordism was almost a simple juxtaposition of national regimes! As a result, we didn’t pay much attention to the international situation.

Second, there is neither regime of accumulation nor mode of regulation at the international level because of the absence of states to guarantee them. Lipietz argues that:

[S]ince one of the two main causes of the crisis is the contradiction between the internationalization of production and markets and the national character of regulation, we were obliged to study the world as a system, and to study the ways that national regimes could exist within that system. Hence, we had to ask whether there was such a thing as a regime of accumulation at the world level or a mode of regulation at the world level. In short, up to now our answer has been: there is something like a mode of regulation, a kind of consensus about some institutions and some behavior since 1945. The problem is that these forms of regulation are not guaranteed by any state. Rather, to the extent that they have existed, they are due to the hegemony of one particular national state, the United States of America.

And third, RA is not to ‘deduce’ the reality in the nation ‘from the ghost that would be world capitalism’. Here is Lipietz’s explanation on this point:

As far as the regime, in the French meaning of the term, is concerned - that is, a regular match between transformations in production and transformations in consumption - no such thing exists at the international level. My conclusion is that it doesn't exist. We can speak at most of a kind of 'international configuration', and these configurations are subject to shifts, continuous displacement....

We have to elaborate a little more on that subject because our main tendency is to study each country, each national reality one by one. I think that's a very good way of approaching the problem. We must start from enough cases and from the reality of each nation. We should never deduce the situation of any nation - Mali, Nigeria, Peru - from the ghost that would be world capitalism. But, since the various national models of development and various national regimes of accumulation are obviously in contact with each other, we have to think of something like a regime at the world level.

On the whole, RA analyses the dynamics of capitalism and the resolution of class struggle at the level of the nation-state; and that the world economy is simply a congeries of autonomous national capitalisms (see Lipietz 1987a, 1987b, 1987c). Lipietz's statements however reveal a couple of contradictions. One, he contradicts the critical realist ontology and epistemology, which is one of the substantive features of RA, by basing reality upon its conformation with the discursive definition of a mode of regulation and the regime of accumulation rather than the other way around. It appears that the mere absence of *régime*, in its original French signification (i.e., a regular match between transformations in both production and consumption), is ground enough for dismissing an international analysis of capitalism as a system. And two, Lipietz contradicts the insightful pronouncement of his RA colleague, Aglietta, who posits that 'the key theoretical process [of RA]...lies in a radical change in the conditions of reproduction of capital in general' (Aglietta 1979: 20-21).⁴ The intensification of global capitalism has radically changed the conditions of capital, subjecting each and every pore of the society within the world system to the logics of competition, commodification, and profit-maximisation (see Wood 2001, 2002; Peck and Tickell 2002). This 'universalisation of capitalism' also comes with the universalisation of the contradictions of class struggle and of market-dependence (Wood 2001).

In contrast to the claim of Lipietz that world capitalism is just a ghost, a mere illusion; this historical moment reveals that capitalism has developed to a point where the 'completion of the world market' becomes the appropriate focus of analysis (Cammack 2003). This project is depicted on the process of globalisation where states and all economic agents are compelled to adopt policies that would promote the hegemony of capital at the international, regional, and national levels (see Albo 2003; Cammack 2004). It globally imposes the disciplines central to capitalist reproduction such as the provision of a 'sound' macro-economic framework, along with structural reforms on liberalisation and privatisation and their attendant regulatory innovations at national, regional, and global scales (see Cammack 2003, 2004; Wood 2002). Further, a substantial number of researches have empirically proven the case—for instance, on World Bank's comprehensive global institutional strategy for disseminating and legitimising capitalism on a global scale as shown in the series of the Bank's initiatives since the mid-1990s such as the Report on Observance of Codes and Standards, the Comprehensive Development Framework, the Poverty Reduction Strategy Papers and Poverty Reduction Growth Facility, the streamlining of conditionality, and the reform of sovereign debt restructuring (see, e.g., Fine 2001a, 2001b; Cammack 2003, 2004).

The global capitalist system generates contradictions and crises that cannot be addressed at the national level alone. Since the accumulation of capital has increasingly become global and so as the nature of class struggle as manifested in the attempts of capitalist forces to secure the hegemony of capital and of exploited groups to resist it, international institutions like the World Bank and the International Monetary Fund (IMF) are geared at the governance of the general conditions for capitalist accumulation and at resolving the contradictions that capital-

ism induces (see Cammack 2003). It thus follows that there is no ‘international régime of accumulation’ under conditions of global capitalism because the system is always unstable and crisis prone, if by ‘régime’ it means the condition of an equilibrium between international production and international consumption.

Surely, there is a clear need to differentiate between national situations. But this analysis must be consistent with the systemic unity of capitalism recognising that the self-expansion of capital is a dynamic and uneven process, in particular the different projects and strategies from state to state in the system to secure the hegemony of capital and the enforcement of market-dependence on the global stage. These different domestic configurations within the system are a consequence of the uneven and combined character of global capitalist development. As David Harvey (1992: 292-293) convincingly explains as regards the drive for capital accumulation:

The focus is on *processes*, rather than on things and events...[T]o say there is a simple process at work is not to say that everything ends up looking exactly the same, that events are easily predictable or that everything can be explained by reference to it alone...Capitalism has, in short, always thrived on the production of difference.

Apparently, Lipietz recognises the normative on the need of the RA to have an international understanding of national situations as the connections among national economies have become increasingly manifested in the global scale. However, in a review of *Régulation Theory: The State of the Art*, an encyclopedic anthology of the works of Parisian regulationists (Boyer and Saillard 2002; the original French edition, Boyer and Saillard 1995) where Lipietz is one of the contributors, Bob Jessop (2002) takes issue on the failure of the RA protagonists themselves to make any reference to, or have a dialogue with, the contributions of other regulationists from the important field of enquiry of IPE that understands the interaction between national and international scales within wider systemic processes—including those from the evolving ‘varieties of capitalism’ research—and from related social science disciplines outside (institutional) economics.

Robert Boyer: On Finance-led Growth as the New Regime of Accumulation

Robert Boyer, president of the Association of Research and Régulation, is perhaps today’s leading regulationist with specific interest in the wage-labour nexus, social systems of innovation, monetary and financial regime, and the process of economic policy formation aiming at building an institutional and historical macroeconomic theory (see Boyer 2010; Association Recherche & Régulation 2010). Some of his recent works attempt to explore financialisation as part of capitalist transformations after the crisis of Fordism and to examine the capacity for this new regime to stabilise (see, e.g., Boyer 2000a, 2000b, 2008, 2010). The pressure towards financialisation has been a product of the longer term structural transformation of post-Fordist capitalist development: from the compromise between managers and wage earners in the 1960s; through the weakening of the bargaining of power of wage earners due to international competition in the 1980s and the deepening of alliance of investors and managers in the 1990s; to the emerging tensions among different actors within the finance industry (managers, auditors, rating agencies, institutional investors, financial analysts, fund managers, and pension funds) and the rise of lawyers as new actors not only in the judicial institutions but also in the sphere of finance (Boyer 2008).

Having dismissed the alternative regimes proposed to succeed Fordist economic development model, Boyer (2000a) puts forward a ‘proposition’, rather than a claim, that the emergent financial system plays a potential—if not, the same—stabilising role as did the Fordist wage-labour nexus. This finance-led regime is dominated by, but is not solely consti-

tuted of, finance. The institutional conditions present in the emergent finance-led growth regime includes 'globalized financial regime' (diffusion of financial norms, dividends and pension funds, high stock market price, easy access to credit), 'shareholder value as a new form of competition and governance mode' (careful management of investment), and 'highly reactive wage labour nexus' (flexible employment). In other words, the emergent regime comes with a whole series of financial innovations and novel economic features such as labour flexibility, price stability, booming stock markets, and credit growth. These institutions are different from the preceding growth regimes that did not materialise since the American crisis in the late 1960s, namely: Toyotism, service-led, ICT-led, knowledge-based economy, competition-led, export-led, finance-led in terms of the transformation in firm governance, the employment relation, household consumption, the state form, and monetary policy (Boyer 2000a; see also Boyer 2008).

In his recent lecture on the subprime mortgage crisis, Boyer (2008) notes that the US is 'the only finance-led regime', made possible by a high ratio between financial wealth and income and by profit-led investment. However, this new regime is susceptible to macroeconomic instability as manifested in the 2007-2008 global economic crisis whose epicentre was at the homeland of financialisation itself. Boyer (2008) argues that in order to attain structural stability, the economic conditions must be conducive to wage formation that is 'not too much competitive' and a rate of return requirement of shareholders that is 'not too high'. Based on the parameters of 'average propensity to consume', 'wealth in shares', 'extent of capital gains', 'monetary market rate', 'return on bonds', and 'reference profitability', Boyer comments that Europe does not observe a finance-led regime because it fares lower percentages in all these indicators compared with the US.

Although limited to the situation of the US, it is a worthwhile academic endeavour to critique Boyer's hypothetical case on the possibility of a stable finance-led regime, bearing in mind the methodological, ontological, and epistemological inadequacies of RA that have been discussed above. Four interrelated issues must be raised regarding his proposition. First, Boyer strongly holds on to the idea that stability in the capitalist system could be possibly attained through financial revolution and innovations. What he does not seriously consider, however, is the realpolitik of a financialised regime under conditions of neoliberal globalisation that is politically unstable since it is based upon austere welfare, the growing inequality among the waged and between the waged and unemployed, and the enlargement of the 'informal' sector (see Purcell 2002). Second, the level of analysis problem of the RA has once again become apparent in this theme because a financialised regime would be impossible to understand without a grasp of the political economy of international finance (Tickell 1999). The proposition thus proves unable to analyse the crucial link between global capital and national states in this historical moment of the universalisation of capitalism in which, as the contradiction of market-dependence implies, every institution is mediated at all points by exchange (Wood 2001, 2002).

Third, Boyer sees the potential of regulation in the fulfilment of a stable financial regime through a form of 'hybridization' among the previous growth regimes, 'with a different mix in each country according to political and social legacy, economic specialization and, of course, the strategic choices of key collective actors' (Boyer 2000a: 117). Even though RA keeps on asserting that regulation complements reproduction, it appears in their analyses that the former is much more privileged than the latter. Putting primacy to *régulation* however tends to conceal the existence of exploitation, even if the purchasing power of the workers is increased. It is unable to see both the simple and sophisticated ways of capital to profit and appropriate from uneven development, the differentiation of social conditions among national economies, the preservation of low-cost labour regimes, and the reproduction of relative poverty (Wood 2001). Marx's original conceptualisation of *reproduction*—the concept that

RA claims to modify as well as to complement, if not forgotten—by itself captures not only the self-expansion of capital, but the exploitative nature of the system as well:

Whatever the social form of the production process, it has to be continuous, it must periodically repeat the same phases. A society can no more cease to produce than it can cease to consume. When viewed, therefore, as a connected whole, and in the constant flux of its incessant renewal, every social process of production is at the same time a process of reproduction. (Marx, *Capital I*, ch. 23)

Thus, reproduction ‘involves both production and the setting up of conditions whereby production can continue to take place’ (Himmelweit, 1991: 469). It entails contradictory processes: on the one hand, towards convergence with the reproduction of capitalist institutions on an expanding scale; and on the other hand, the conflicting responses with the reproduction of social antagonisms that spring from the conflictual nature of capitalist relations.

This point leads, and is closely connected, to the fourth issue on Boyer’s focus on finance. Whilst it may be true that the contemporary dominance of finance capital has tremendously affected production, ‘the focus should be on production before it turns to exchange’ so as to see the ‘uncompromising commitment of capitalist forces to embedding the social and institutional relations that enforce capitalist competition, thereby seeking to ensure that the systemic imperatives of capitalism work’ (Cammack 2004: 209). Take for example economic crises that have become an enduring characteristic of the capitalist landscape. Even with the introduction of neoliberalism as a reaction to address the series of structural crises in the last quarter of the 20th century, the world economy has continuously stumbled with the 1997 Asian financial crisis, the 2000 dot-com collapse, and the 2008 great recession as the major crises implicating economies and societies within the global system—all of which are telling of the inherent tendencies of capitalism to create crises and its grave difficulties for the realisation of short- and long-term accumulation. As Christopher Rude (2004: 82) convincingly argues:

[F]inancial instability and the economic hardship that it creates play an essential role in reproducing capitalist and imperial social relations. The financial instability is functional. It disciplines world capitalism.

But this is precisely the main preoccupation of regulationists: to explain how and why capitalism continues to expand. The problem with Boyer’s analytical framework is its failure to look beyond the surface of institutions and regimes, and thus systematically unable to dissect the deeper structural contradictions and social conflicts within them. This would involve an understanding of the politics behind the economy, the reproduction of the contradictions of class struggle and market-dependence, the ‘negotiated contradiction’ in capital-labour compromise, and the production of ‘proletarianisation’ in which workers have no other option but to be subjected to a system thoroughly permeated with the imperatives of capitalism.

It thus appears that the forces of capital, which are embodied in capitalist institutions, act a la ‘invisible hand’, but one that does not fix market failures, attempting to convert crisis into opportunities for the deepening of capitalist relations. However, no matter how these capitalist social institutions try to regulate or resolve the crises and contradictions of capital, the system is perpetually haunted by the internal contradictions of the capitalist market and structure: the need for different capitals to compete with one another and the perpetual resistance of exploited groups to establish alternative futures.

Conclusion

The Regulation Approach in IPE attempts to provide specific institutional analysis on the classic Marxist conundrum about capitalism’s continued survival and reproduction despite its

deep structural contradictions and intense class conflicts. Its general framework ‘stresses that economic activities are socially embedded and socially regularized and that stable economic expansion depends on specific social modes of economic regulation that complement the role of market forces in guiding capitalist development’ (Jessop 2008: 24). Indeed, understanding the complexities of capitalism is always a theoretically rigorous, yet meaningful, task. As Wood (2001: 283) aptly puts it: ‘[C]apital certainly needs ideological mystifications and supports, but it may be harder to *reveal* than to conceal the exploitative nature of the capitalist relation, or to conceptualize and capture it in theory’.

What this article has tried to do is to reflect on this claim of the RA—specifically its fundamental theses and epistemological, ontological, and methodological standpoints—and, at the same time, to critique the limitations of the respective works of principal regulationists, namely, Aglietta, Lipietz, and Boyer. Aglietta’s limited interpretation of crises and contradictions in capitalism has been examined, and thereby putting forward the argument to interrelate the agential dimension of class struggle with the structural contradiction of market-dependence. Lipietz’s privileging of ‘national’ economies and, in effect, his hostility to the global systemic unity of capitalism has been questioned—in particular, the absence of an analysis of competing national capitalisms within the geographical landscape of global capitalism. And Boyer’s framework of analysis and proposition on the possibility of a stable finance-led regime has been criticised with an argument about the intrinsic political instability of financialisation; the need to relate national capitalist dynamics with global political-economic structure; and the primacy of reproduction over regulation, and of production over exchange in the processes of capital accumulation.

Despite its limitations, RA offers practical utility for the understanding of socio-economic contradictions and processes in capitalist societies by social actors. It has made some important contributions to the analysis of capitalist processes and its internal structural logic, particularly in the identification of institutions and regulatory mechanisms that attempt to stabilise or reinforce capitalist development. As argued and proposed in this article, doing an analytical synthesis can complement the theoretical inadequacies of RA. Firstly, Aglietta’s agential class struggle conception of crises must be situated within, or in relation to, the wider structural contradictions of market-dependence. In doing so, the processes of capitalism and social change are regarded in a framework of the enduring tension between structure and agency. Secondly, Lipietz’s focus on the dynamics of national capitalism is better understood against the background of, and in its relation with, global capitalism. This comprehension of the dynamics of national-global relations in the accumulation of capital will enable an analysis of the differences in national situations within a broadly comparative framework and, as such, an appreciation of the historical specificities of capitalist development and the nature of capitalist diversity from nation to nation within the global structure of accumulation. And thirdly, Boyer’s concentration on finance has to be linked with production so as not to reduce capitalist processes to mere questions of money and exchange, but as concrete social relations involving real issues of power, class, interests, and conflict. In this connection, the idea of regulation may be strong in presenting the surface of the presumptive stability of capitalism, but it would not be able to unpack the essence of capitalist reproduction. Essentially, reproduction entails capitalist production itself and the conditions created to maintain and promote the material and ideological hegemony of capitalism at the national and global levels.

All these proposals to substantiate, enhance, or alter the theoretical framework of RA are necessary if it wanted to remain relevant as a cogent explanation of the evolution of capitalism not only in its classic cases of developed economies in the US and Europe, but more so in the emerging capitalist projects and their conflicts in Asia, Latin America, and Africa. The main purpose being to come up with a dynamic analysis of the specificities of capitalist development applied to the circumstances of contemporary global political economy and its

interaction with, or even manifestation in, the particularities of varying national configurations.

Notes

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2. There have been several strands within the regulation 'school' of which four have been influential, namely: Parisian, *grenoblois*, West German, and radical American (see Jessop 1990; Robles 1994; Jessop and Sum 2006).
3. The argument on market mediation in capitalist processes is hardly news to regulationists (see Lipietz 1987a; Jessop 2001a). However, this premise is not consistently and deeply pursued within RA.
4. Aglietta's statement is in the context of regulation theory's rejection of the 'idea that the concentration of capital is the most fundamental process in the history of 20th century capitalism' (Aglietta 1979: 20).

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