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Preface

This book is a companion volume to an earlier work by Bob Jessop, entitled *State Theory: Putting the Capitalist State in its Place* (1990). As such, adopting the same critical realist, strategic–relational approach, it reviews attempts to put the capitalist economy in its place and offers some suggestions on how such attempts can be advanced. It is particularly concerned with certain attempts undertaken since the 1970s to locate the profit-oriented, market-mediated logic of the capitalist economy in its wider political and sociocultural context. These attempts also aim to demonstrate that, even with appropriate extra-economic conditions and supportive extra-economic forces, capital accumulation remains inherently improbable in the medium- to long-term. We consider these attempts under the general rubric of the regulation approach and, while we review all of the latter’s main variants, we will be especially concerned with work from the dominant Parisian school. We will also provide some theoretically-informed suggestions on how to go beyond the regulation approach in order to provide a well-founded critical political economy of capitalism.

In this regard, the present volume is also the first of two in a project on cultural political economy (CPE) that we have been developing together since 1990. This project represents a new way to put both the state and the economy in their place. The present work follows the development of various schools in the regulation approach to the critique of capitalism. It argues that this progressive research paradigm has begun to lose its distinctive identity within evolutionary and institutional economics and that it would benefit from serious engagement with the cultural turn. The second volume is premised on this conclusion. Thus it presents an initial research programme that takes the cultural turn seriously without losing sight of the specificity of the economic categories and economic dynamics typical of capitalist social formations. It will appear within a year of the present book.

The chapters in this book largely derive from the critiques of the regulation approach developed by Bob Jessop from the early 1980s. None of his chapters is identical to its original published version or is produced simply through the combination of parts of earlier published work. The resulting rewriting has had four motivations: first, to eliminate unnecessary duplication or overlap between different chapters; second, to make the argument clearer through some stylistic changes; third, to eliminate unnecessary historical detail or references that were relevant at the time of writing but would now overburden the main lines of argument and/or require too much contextualization; and, fourth, to identify potential points of articulation with our own emerging cultural political economy agenda. In no case has the opportunity been taken to rewrite the substantive intellectual arguments. This self-denying ordinance was adopted because one aim of the present volume is to outline different generations of scholarship on the regulation approach and to show how, along with others, we began to pay increasing attention to the ‘missing links’, emerging limitations and theoretical deficits of the regulation approach.

Ngai-Ling Sum has also revised the two chapters that she first authored. Both of these are more recent, deriving from her doctoral research and her reflections on the Asian crisis and the debate thereon. In revising the chapter on exportism, she has retained the original critique of the regulation approach and reinforced it with arguments from subsequent development in the East Asian newly industrializing countries. This now includes a periodization of the East Asian modes of growth and a demonstration of the importance of their interscalar articulation for understanding their crisis tendencies. In revising her chapter on the Asian crisis, however, she aimed to update the empirical analysis while retaining the substantive critique of alternative interpretations and the basic principles of her own account. She also identifies pointers to the emerging cultural political economy approach that she developed and named.

As co-authors, we have had many discussions on the themes addressed in this and the next volume. Indeed, they began well before we conceived of this particular two-volume project and are reflected in our individual and joint work from 1990 onwards. The discussions have always been lively because we began from different starting points and have contributed in different ways to the development of ideas about a post-disciplinary cultural political economy. They have grown more intensive and exciting in the last two to three years as we turned our attention to restructuring and rescaling processes in the emerging global order, to focus on the globalizing knowledge-based economy and to pay ever more attention to problems of agency and subjectivity. It is therefore important to note that Bob Jessop is identified as the senior author of this volume because the majority of chapters are revised versions of his earlier work on the regulation approach. Ngai-Ling Sum is named as the senior author of the second volume in recognition of her decisive contributions to the new research agenda.

Ngai-Ling Sum was critical almost from the outset of Bob Jessop’s approach to regulation and the state because of its marked Eurocentric tendencies and
its relative neglect of agency and subjectivity. But she nonetheless thought there was merit in the regulation approach and strategic–relational state theory. Thus she developed her own distinctive regulationist approach to deal with the specificities of East Asian capitalist formations and applied lessons learnt from these cases to the overall regulationist framework and the analysis of the heartlands of Atlantic Fordism. Her criticisms of the regulation approach had an impact on Bob Jessop’s subsequent theoretical development, especially in relation to the notions of postdisciplinariness and the importance of the cultural turn. Thus his later contributions were influenced by her criticisms even before they were rewritten for this volume in the context of the emerging joint project that informs the next volume. We have both contributed to the rewriting of every chapter in the present volume through discussions about the appropriate cuts and revisions and the best way to highlight our emerging research agenda. Nonetheless the respective first authors retain both the initial and final responsibility for the form and content of the individual chapters. In the second volume, in contrast, we draw on joint work that has been published under our joint names as well as on individually authored pieces that have developed in many cases out of our joint project.

In writing this book and its earlier source essays, we have both benefited enormously from discussions with many first-class colleagues and students. Bob Jessop extends thanks to regulation theorists everywhere, including those who, no doubt, will feel that he has done less than justice to their contributions. He has learnt much from personal discussion with many regulationists and, at the risk of invidious comparison, would particularly like to thank the following for their friendly advice and criticism: Robert Boyer, Robert Delorme, Alex Demirovic, Josef Esser, Joachim Hirsch, Kurt Hübner, Jane Jenson, Birgit Mahnkopf, Margit Mayer, Lars Mjøset, Henk Overbeek, Jamie Peck, Pascal Petit, Kees van der Pijl and Adam Tickell. Others who have influenced the arguments below include Neil Brenner, Steve Fleetwood, Colin Hay, Martin Jones, Hans Kastendiek, Gordon MacLeod, James Martin, Adam Morton, Andrew Sayer and Doug Webber. Chapter 8 arises from an ESRC research programme on local governance, grant number L311253032. Ngai-Ling Sum wishes to thank Kate Currie and Karen Gammon and to express her appreciation of the general support from the Sociology Department in Lancaster University in 1990–94 and subsequently. She also wants to express her gratitude to David Marquand, Andrew Gamble, Tony Payne, Randall Germain and Sylvia McClom in the Political Economy Research Centre (PERC) in Sheffield University for their support during her tenure of the Alec Horsley post-doctoral research fellowship in 1995–7. This fellowship gave her the time and space to rethink many of the issues in the regulation approach. It was also while at PERC

that she first developed the idea of cultural political economy. This idea was elaborated during subsequent tenure of a Simon Research Fellowship at Manchester University (1998–2000). She would like to thank Huw Beynon, Jeff Henderson, Karel Williams and the members of the Centre for Labour Studies for facilitating her research there. From 2001 she has enjoyed the lively post-disciplinary climate at Lancaster University, which encouraged her to start the Research Cluster on Cultural Political Economy under the auspices of the Institute for Advanced Studies.

We dedicate this book to Lo Mo-Kwan, who has nurtured Ngai-Ling Sum all her life, has welcomed Bob Jessop into her family and home, and provided material and emotional sustenance for both of us during our trips to Hong Kong.

Bob Jessop, Ngai-Ling Sum
Lancaster
14 February 2005
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>AMF</td>
<td>Asian Monetary Fund</td>
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<tr>
<td>APEC</td>
<td>Asia–Pacific Economic Cooperation</td>
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<tr>
<td>AR</td>
<td>Accumulation regime</td>
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<tr>
<td>ASEAN</td>
<td>Association of South East Asian Nations</td>
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<tr>
<td>CCC</td>
<td>Comprehensive concept of control</td>
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<td>CDU</td>
<td>Christlich-Demokratische Union</td>
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<tr>
<td>CEPII</td>
<td>Centre d’Études Prospectives et des Informations Internationales</td>
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<tr>
<td>CEPREMAP</td>
<td>Centre d’Études Prospectives d’Économie Mathématique Appliquées à la Planification</td>
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<tr>
<td>CME</td>
<td>Capitalisme monopoliste d’état [state monopoly capitalism]</td>
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<tr>
<td>CMP</td>
<td>Capitalist mode of production</td>
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<tr>
<td>CORDES</td>
<td>Comité d’Organisation de la Recherche Economique et Sociale</td>
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<tr>
<td>CSU</td>
<td>Christlich-Soziale Union</td>
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<td>DM</td>
<td>Deutsche Mark</td>
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<tr>
<td>DRAM</td>
<td>Dynamic random access memory</td>
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<tr>
<td>EANICs</td>
<td>East Asian Newly Industrializing Countries</td>
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<tr>
<td>EC</td>
<td>European Community</td>
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<tr>
<td>EOI</td>
<td>Export-oriented industrialization</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FDI</td>
<td>Foreign direct investment</td>
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<tr>
<td>FDP</td>
<td>Freie Demokratische Partei</td>
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<tr>
<td>FRG</td>
<td>Federal Republic of Germany</td>
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<tr>
<td>GATT</td>
<td>General Agreement on Trade and Tariffs</td>
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<tr>
<td>GDP</td>
<td>Gross domestic product</td>
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<tr>
<td>GITIC</td>
<td>Guangdong International Trust and Investment Corporation</td>
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<td>GKBE</td>
<td>Globalizing, knowledge-based economy</td>
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<td>HKD</td>
<td>Hong Kong dollar</td>
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<tr>
<td>ICT</td>
<td>Information and communication technologies</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>INSEE</td>
<td>Institut National de la Statistique et des Études Économiques</td>
</tr>
<tr>
<td>ISI</td>
<td>Import substitution industrialization</td>
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<tr>
<td>IT</td>
<td>Information technology</td>
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<tr>
<td>ITIC</td>
<td>International trust and investment corporation</td>
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<tr>
<td>JIT</td>
<td>Just-in-Time</td>
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<tr>
<td>KBE</td>
<td>Knowledge-based economy</td>
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<td>KMT</td>
<td>Kuomintang</td>
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<td>KWNS</td>
<td>Keynesian welfare national state</td>
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<td>LWNS</td>
<td>Listian workfare national state</td>
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<td>MLG</td>
<td>Multi-level governance</td>
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<td>MoR</td>
<td>Mode of regulation</td>
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<td>NAFTA</td>
<td>North American Free Trade Agreement</td>
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<td>NICs</td>
<td>Newly Industrializing Countries</td>
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<tr>
<td>NTD</td>
<td>New Taiwan dollar</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>OEM</td>
<td>Original equipment manufacturing</td>
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<td>RA</td>
<td>Regulation approach</td>
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<td>R&amp;D</td>
<td>Research and development</td>
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<td>RWR</td>
<td>Ricardian workfare regime</td>
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<tr>
<td>SMEs</td>
<td>Small and medium-sized enterprises</td>
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<tr>
<td>SPD</td>
<td>Sozialdemokratische Partei Deutschlands</td>
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<tr>
<td>SSA</td>
<td>Social structure of accumulation</td>
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<tr>
<td>SWPR</td>
<td>Schumpeterian workfare postnational regime</td>
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<td>US</td>
<td>United States [of America]</td>
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<tr>
<td>USA</td>
<td>United States of America</td>
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<tr>
<td>USD</td>
<td>United States dollar</td>
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<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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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 re-integrating 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. The present volume has eight main aims:
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, ‘regulation’ might have been better – and less mechanically – translated as regularization or normalization.¹ 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.\(^2\) Their analyses go well beyond a narrow, economistic 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. Barrère 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’. 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
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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 Aglietta 1979.
2. On stylized facts and their place in realist analysis, see Lawson 1989.
1. Early regulation approaches in retrospect and prospect

This chapter reviews the regulation approach (or RA) and its main schools as they developed in their first 15 or so years. We begin with its general theoretical background, then compare seven approaches and their fields of application, and conclude with some methodological and epistemological criticisms. We focus on methodological and conceptual issues rather than empirical analyses because this is the best basis for comparing schools and their generations. In returning to the origins and early development of the regulation approach, we aim to revive some of its foundational concerns. For, as key RA concepts became common academic currency and terms like ‘Fordism’ and ‘post-Fordism’ were popularized, the pioneer theorists’ original methodological concerns were often forgotten. Scientific progress in a research programme often requires moving beyond its pioneers so that its impetus and relevance are maintained ... movement has certainly occurred in the RA. But early contributions can also become classic texts. As classic texts, these may not provide answers that would be considered adequate today but they still define important questions and point to possible solutions. This is the case for some early regulationist studies, which, although they now rarely receive it, do merit continuing critical engagement (Chapters 7 and 10; on the meaning of a classic text, Baehr and O’Brien 1994: 127–8).

Neglect of the full range of concerns in pioneer texts has also led to two other problems. First, the RA has often been falsely equated with – and reduced to – the study of Fordism, its crisis and the transition to ‘post-Fordism’. But not every study of Fordism is regulationist nor does all RA empirical work focus on Fordism and its successors. Indeed, some of the most innovative studies challenge the idea of a simple transition from Fordism to post-Fordism and explore alternative regimes and future scenarios. This is especially true of second-, third- and fourth-generation work. Second, although early studies emphasized the primacy of class struggle in the genesis, dynamic and crisis of different accumulation regimes and modes of regulation, more recent studies tend to focus on institutional complementarity and structural cohesion. This is linked to neglect of class struggle(s) even though the wage relation is still considered central and even though successful regulation allegedly depends on institutionalized class compromise, mediated in part through the state. Now, while a simplistic class reductionism is generally unhelpful in more concrete analyses, the capital relation always involves contradictory class relations that demand serious investigation. The problem is to develop appropriate concepts for analysing class relations at different levels of abstraction and complexity and to show how these relations are articulated with other types of relation.

A SHORT INTRODUCTION TO THE REGULATION APPROACH

The RA is concerned with the connections between the institutional forms and dynamic regularities of capitalist economies. Unlike orthodox economics, it does not aspire to provide a general, transhistorical account of economics or economic conduct. Nor does it naturalize capitalism by treating its continued expansion as an unproblematic expression of rational economic behaviour. Instead it focuses on the specificities of the capitalist mode of production (or CMP) and regards continued accumulation as improbable. However, while first-generation work was more likely to cite the fundamental contradictions and conflicts generated by capitalism’s distinctive dynamic, later generations were more inclined to refer to middle-range analyses of the self-undermining nature of particular accumulation regimes and modes of regulation defined in more institutional terms. This prompted an interest in moving beyond the generic crisis tendencies of capitalism to identify their specific forms in different periods and/or varieties of capitalism and to examine the major ruptures and structural shifts that occur as accumulation and its regulation develop in and through class struggle and other types of social conflict. 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.

In exploring these issues, despite variations within and across different schools, regulationists developed similar concepts and pursued similar objectives. Overall, starting from real social relations rather than abstract economic men, they aimed to achieve four goals: (1) describe the institutions and practices of capitalism; (2) explain the various crisis tendencies of modern capitalism and/or likely sources of crisis resolution; (3) analyse different stages (periods, phases and so on) of capitalism and compare accumulation regimes and modes of regulation in a given period of capitalist
Early regulation approaches in retrospect and prospect

... and (4) examine the social embedding and social regularization of economic institutions and conduct. These inherently relational concerns and associated concepts give the RA a relative unity and enable us to compare it with other institutional and evolutionary approaches as well as to distinguish it from orthodox economics.

It is worth noting again a common misinterpretation of ‘regulation’. This term gained its distinctive regulationist meaning in the anglophone world in the late 1970s and early 1980s through interest in l’approche en termes de régulation (‘the approach in terms of regulation’) and its Parisian advocates in l’école de la régulation (‘the regulation school’). But régulation is a ‘false friend’ when translating from French and, combined with the polysemy of its English equivalent, this has caused confusion (cf. Boyer 1990a: 20–1).

In particular, it encourages readers to restrict the new concept to juridico-political regulation – a process that corresponds better to ‘réglementation’ (cf. Boyer 2002b: 1). Yet regulationists do not claim that the economy is regulated only, or even primarily, through law and the state. On the contrary, they typically refer to a wide range of economic and extra-economic mechanisms in seeking to explain the ‘regularities’ of economic behaviour (cf. Théret 1990a). They aim to show how these mechanisms interact to normalize the capital relation and guide (govern) the conflictual and crisis-mediated course of accumulation.

THE REGULATIONIST RESEARCH PROGRAMME

Most commentaries identify the RA with the work of political economists associated with the Parisian school from the 1970s onwards. But, as RA aficionados know, there are three groups of French regulationists: Boccarien, grenoblois and parisien (cf. Delaunay 1988; Boccard 1988; di Ruzza 1987; Boyer 1990a; Jessop 1990a; Waringo 1998; Becker 2002). Moreover, even the Parisians do not constitute a single school with a fixed, coherent and complete set of concepts that offers the final, finished theory of regulation. On the contrary, the Parisians’ impact is partly rooted in the coexistence of Marxist, post-Keynesian, institutionalist and constructivist currents, the openness of leading scholars to dialogue with other schools, and a continuing capacity for fresh theoretical and empirical development (Chapter 7). Other approaches include the Amsterdam school, West German regulationists, the ‘Nordic models’ group and the American radicals. In spreading our net so widely, we interpret the RA as a broad, continuing and progressive research programme.

This has four key features. Two are methodological, two substantive. All four derive from some shared Marxist concerns in first-generation work that reflect in turn the economic and political crisis in capitalism in the 1960s and 1970s. It was Marx’s ‘scientific’ studies (notably the 1857 Introduction to the Contribution to the Critique of Political Economy and, of course, Capital) that were influential rather than his more political, utopian or eschatological writings. Thus regulationists rejected the dogmatic, fossilized Marxism of the Stalinist and Cold War periods and developed institutionally sensitive comparative and historical analyses of capitalism. While this has produced valuable middle-range work on the dynamics of different stages and varieties of capitalism, it has also opened regulationists to the fundamentalist criticism that they never look beyond these issues to propose a radical alternative. Indeed, their interest in the recurrent stabilization of capitalism, despite its crisis tendencies, has provoked fierce – but mistaken – criticism that the RA treats capitalism as inevitable and belittles the revolutionary potential of class struggles (see Bonefeld 1987, 1994; Bonefeld and Holloway 1991; Gambino 1996; Holloway 1988; for responses, see Jessop 1988b, 1991; Hay 1994). We now present these four features.

First, the regulationist programme implicitly adopts a critical realist scientific ontology and epistemology. In brief, critical realism is an anti-positivist, anti-empiricist scientific paradigm that emphasizes four issues: first, the existence of real but often latent causal mechanisms that may be contingently actualized in specific conjunctures; second, the stratification of the real world into different layers and regions that require different concepts, assumptions and principles of explanation corresponding to their different emergent properties; third, the importance of identifying the underlying naturally necessary properties and causal mechanisms in different fields and the conditions in which they will be actualized; and, fourth, for the social sciences, the importance of a properly dialectical, interactive analysis of structure and agency. In identifying these properties, mechanisms and interactions, critical realism relies heavily (but not exclusively) on retrodiction as a method of discovery. Whereas induction develops general laws from observation of many empirical cases and deduction develops hypotheses primarily through stepwise logical argument from first principles, retrodiction asks what the world must be like for certain stylized facts and/or specific observations to be possible. Thus it aims to identify underlying properties, tendencies or causal mechanisms inherent in specific structures and to establish the specific conditions under which these properties, tendencies or causal mechanisms may be actualized.

These features are nonetheless only implicit in the RA because, while adopting critical realist assumptions and procedures in practice, few regulationists present them as critical realist (for a recent exception, see van Apeldoorn 2004b). This is largely because the regulation approach studies capitalism as a historically specific object and does not make a philosophical
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 Nonetheless, regulationists are certainly interested in the tendencies and countertendencies of accumulation and how they vary across stages and varieties of capitalism. Many analyses identify mutually reinforcing and/or complementary sets of economic principles, institutional forms and organizational practices and seek to establish their distinctive emergent properties and dynamics. This is especially clear in analyses of accumulation regimes, sectoral or regional regulation and the institutional hierarchies and complementarities among structural forms in specific modes of regulation. Regulationists also discuss the formal and/or functional adequacy of spatiotemporal matrices, institutional forms and patterns of conduct to a given productive system, accumulation regime, or mode of regulation. They aim to show how the very success of such ensembles of social relations tend to undermine their stability in the medium-to-long term and, just as significantly, how past success also tends to generate inertia in the face of major crises. And they explore the trial-and-error emergence and the subsequent consolidation, if any, of new configurations able to overcome these crisis tendencies (for example, Boyer 1997b; see also Chapter 7).

Second, in line with this implicit critical realism, the RA avoids two common but inadequate approaches to theory construction: subsumption and logical derivation. Subsumption is an essentialist approach that typically includes any and all particular cases under general concepts or explanatory principles without regard to their specificities (cf. Lipietz 1987a: 5, 9–11; Boyer 1990a: 12, 48–9; Nadel 2002: 28; Krebs and Sablowski 1992: 111–12). Some regulationists describe one aspect of subsumption, namely, the uncritical and indiscriminate application of taxonomies, as ‘décalomanie’ (the manic desire to stick labels on things) (Lipietz 1987a: 5, 15, 24–7; cf. Boyer 1990a: 21–2, 99–100). ‘Logical derivation’ seeks to unfold progressively more concrete-complex concepts from an abstract-simple starting point. In place of subsumption and derivation, the RA adopts (again implicitly) the method of articulation (Aglietta 1979: 15–16; cf. Bertramsen 1991: 103–28). This explores the contingent actualization of natural necessities and continually redefines, elaborates and adds analytical categories as it gets closer to specific conjunctures and explores the contingent overdetermination of the underlying tendencies and countercurrencies of the complex capital relation (cf. Aglietta 1979: 15–16, 66; de Bernis 1984: 122–3; Lipietz 1987a: 5–6, 20; Boyer 1990a: 31–48, 60; Hirsch 1992: 220). An important distinction in this regard is that between abstract modes of production and historical social formations. The latter involve the articulation of several forms of labour and modes of production, only one of which can be considered dominant. This implies the need to examine how abstract categories are modified through their instantiation in actual societies. The method of articulation is evident in the hierarchy of concepts that different schools adopt in analysing the logic of capitalism (see below and Chapter 10).

Third, all schools in their respective formative periods drew on some general concerns of historical materialism and critical theory, including the anatomy of bourgeois civil society and the connections between economic structures and the wider social formation. Thus, proceeding from Marx’s more abstract–simple claims in Capital about the generic features of capitalism and its basic crisis tendencies, first-generation work studied capitalism at more concrete–complex levels of analysis. Even at this stage, however, most schools also drew on other evolutionary and/or institutional theories to supplement Marxist notions. Later generations sometimes concentrate on middle-range theorizing and analyses and ignore more abstract–simple levels of analysis. This is especially clear in the dominant Parisian school (on RA generations, see Chapter 7).

And, fourth, within this general field of enquiry, all schools engage in empirical research on the changing economic and extra-economic forms and mechanisms (institutions, networks, procedures, modes of calculation and norms) that secure capital’s reproduction as a social relation. Moreover, given the inherent economic contradictions, tensions and emergent conflictual properties of the capitalist mode of production, its reproduction is always presented as partial, temporary and unstable.

SEVEN REGULATIONIST SCHOOLS

Regulationist schools differ in their theoretical points of departure and their concern with specific fields and/or levels of regulation. Here we distinguish seven main schools. We will ignore theoretical precursors and individual scholars who simply adopt some regulation concepts and will also sidestep the interesting question of how many scholars make a school – especially as the latter rarely embodies a unified and fully coherent theoretical system as opposed to an unevenly developing research programme. Thus, as a school evolves, the thinking of early adherents changes, new adherents introduce further variety, and favoured definitions, conceptions, theories, and historical explanations begin to diverge (Kotz 1988: 16; Hübner 1989: 12–14; Reich 1997; and, on the Parisian school, Boyer and Saillard 2002c).

The seven schools are:

1. The ‘regulation through overaccumulation–devalorization’ school developed from the mid-1960s by Paul Boccara, chief economist of the French Communist Party, to analyse the long-term dynamic and
The approach of the Groupe de recherche sur la régulation d’économies capitaliste (GRREC), based in Grenoble, which analyses the role of profit rates and their equalization through competition in the regulation of plurinational economic spaces.

The dominant Parisian school, with its interest in the succession of technological paradigms, accumulation regimes and modes of regulation, their crisis tendencies, and the trial-and-error search process that might lead to another period of stable accumulation. In its formative period, it was especially concerned with the wage relation.

The West German approach, which combines the Marxist critique of political economy, middle-range Parisian analyses and state-theoretical categories in a unique synthesis that is intended to explore alternative modes of economic regulation and societal regulation.

The Amsterdam School, which is interested in the capacity of specific fractions of capital to develop ‘concepts of control’ that secure both relatively stable accumulation and political, intellectual and moral hegemony, especially in the context of European integration, transatlantic relations and the wider international division of labour.

The Nordic economic policy models school, which developed a distinctive regulation approach to understand the economic policy problems of small open economies.

The American radicals, who combine radical political economy, econometrics and political sociology to analyse different social structures of accumulation.

Each school has its own distinctive prehistory, its key foundational moments and contributors and its subsequent trajectories. This entire volume is concerned with the development of the RA and this chapter, which is concerned primarily with first-generation work, does not aim to provide an exhaustive account of all seven schools. Nonetheless, to orient subsequent discussion, Table 1.1 provides an initial overview of the seven schools. We then expand this by providing brief comments on each approach, elaborate on these comments for the three French schools in order to compare and contrast their approaches (a topic that was especially significant for the first two schools in the 1980s as they struggled, unsuccessfully, for their place in the regulationist sun as at least equals alongside the increasingly dominant Parisian school), and then consider the distinctive contributions of the West German school and the American radicals. The Nordic economic policy models school is a relatively minor current with little impact outside the
Nordic region, despite its continuing work on Nordic issues, and is not discussed in detail here. The Amsterdam school expanded significantly in the 1990s and has become especially influential in the field of international political economy and we therefore consider it again in our review of second- and third-generation work (Chapter 7).
Early regulation approaches in retrospect and prospect

and mechanistic analyses) because it stresses the changing economic and political procedures needed to regulate accumulation in successive stages of capitalism. Boccara dissociated himself from the PCF’s more simplminded applications and continued to develop his own approach to ‘economic regulation’ independently (the bibliography lists some representative publications; see also Barrère 1978, 1980; Boccara et al., 1976; for a general critique of French theories of state monopoly capitalism, see Théret and Wieviorka 1978 and Fairley 1980; on state monopoly capitalism theories more generally, Jessop 1982: 32–77; and, for a balanced comparison of the Boccarien and Parisian schools, Bellet 1988).

**Grenoblois:** the GRREC has engaged in major collaborative research on regulation in capitalist societies since the mid-1970s. The grenoblois adopt two main reference points: a critique of the theory of general economic equilibrium as a basis for understanding capitalist dynamics (cf. de Bernis 1977, 1983, 1984; di Ruzza 1981) and a periodization of capitalism into three stages, each with its own mode of regulation. Against general economic equilibrium theory, with its tendency to operate outside real time and space, the grenoblois explore the role of social procedures of regulation that secure capitalist expansion for limited time periods in a given economic space characterized by a distinctive productive system. These procedures must maintain an adequate rate of profit for all sectors of capital in the face of capitalist competition and secure a tolerable balance between structures of production and consumption in the face of the class struggle. In their efforts to study economic processes in real time and space, the grenoblois also distinguish three types of economic tendency: linear trends, conjunctural fluctuations and institutional discontinuities. Thus another function of social modes of regulation (which are themselves institutional) is to confine conjunctural fluctuations in broad limits compatible with continued accumulation. Nonetheless no mode of regulation succeeds forever and emerging crises will trigger struggles to find the next viable mode of regulation. The three stages of capitalism are competitive or liberal capitalism, extensive and intensive. In an extensive accumulation regime, capitalism expands mainly by spreading (extending) into new areas of activity (at the expense of non-capitalist producers at home and abroad); and, in an intensive regime, capital accumulates mainly by reorganizing extant areas of capitalist activity to increase the rate of relative surplus value (that is, intensifying the rate of exploitation). Parisian theorists also claimed that an extensive regime is governed by a competitive mode of regulation based on liberal market forces with the wage relation based on flexible wages and hire-and-fire labour practices. In contrast, an intensive regime is governed by monopolistic regulation, with the wage relation based on collective bargaining and rising consumption norms. In addition, whereas the extensive regime is based on metallic money, the intensive regime involves credit and state money. Finally, whereas the state in an extensive regime was limited, treating the economy as an autonomous sphere, the Fordist period is associated with a state that is directly involved in the economic sphere (l’état inséré) (Delorme and André 1983). Parisians also identified a transition phase in the interwar period, when mass production had not yet been combined with mass consumption, so that neither the extensive nor the intensive regimes could be stabilized. Later Parisian work distinguishes more than two accumulation regimes, discusses transitional periods in greater detail and explores the most important varieties of capitalism. The approach was also applied to the changing forms of the international division of labour and the emerging crises of the international capitalist system. Finally, an increasing number of studies examined specific structural forms and/or institutions involved in securing and regularizing capital accumulation. The Parisian school is now firmly institutionalized with an Association Recherche et Régulation, a newsletter (Lettre de la Régulation), yearbook.
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(L’Année de la Régulation) and a regular Forum de la Régulation (useful reviews of the early years are found in Bellet 1988; Barrère et al., 1984; Boyer 1986a, 1990a, 1990b, 2002c; Boyer and Saillard 2002b; Duménil and Lévy 1993; Dunford 1990; Hübner 1989; Lipietz 1993a, 1995b; Noël 1987; Vidal 2001; and de Vroey 1984; for the later period, see Chapter 7).

The Amsterdam school developed a distinctive approach based on a Marxist critique of political economy and a (neo-)Gramscian analysis of hegemonic strategies. Its preferred self-description is ‘transnational historical materialism’ (Overbeek 2000) or, more recently, the ‘Amsterdam International Political Economy Project’ (Overbeek 2004, van Apeldoorn 2004a). Its political origins are in the Dutch student movement in 1969 and a concern with US influence in the dynamics of the European economy and European integration. Its theoretical roots are in Marx’s analysis of the circuits of capital in Volume II of Capital and their implications for competition and conflicts between different fractions of capital. In this context, its key concepts are fractions of capital (especially money versus productive capital) and ‘concepts of control’. Fractions of capital are analysed at different levels of abstraction: (1) the capital–labour relation – the primacy of absolute or relative surplus value in the labour process; (2) the circulation of capital – bank, commercial or industrial capital; and (3) the distribution of profit – capitals, fractions of capital, landed interests, and a segment of the working class. Economic and political class strategies can be analysed in regard to all three levels of fractionation. The master concept for analysing such strategies is ‘concept of control’. The school first defines two ideal–typical ‘protoconcepts of control’. One corresponds to the liberal concept of money capital, which has an intrinsic preference for maximum mobility of money as capital and its orientation to exchange value; the other is the productivist concept of productive capital, which must be concerned with the material nature of production and use values. It then considers more concrete ‘comprehensive concepts of control’ (or CCCs) that characterize specific historical regimes. They serve to unify the ruling class and attract mass support and can become hegemonic insofar as they combine mutually compatible blueprints for handling relations among various fractions of capital and for conducting labour relations. For example, the corporate liberal concept, which served to organize Atlantic Fordism after the New Deal, synthesized the liberal and state monopoly productivist concepts.

In general, CCCs seek to unify the strategies adopted in labour relations, competition, socioeconomic policies, ideological matters and international politics and they remain valid for at least a specific period. They must be secured through hegemonic projects, material compensation and symbolic rewards and take account of the constellation of (national and international) economic and class forces providing the structural context in which interests are politically articulated (ibid.: 7–8; cf. Overbeek 1990: 11–34). Two industrial relations authors close to the school have criticized it for taking the division between the money and productive fractions of capital for granted, neglecting divisions within productive capital, treating production and the manufacturing firm as a black box and assuming that, after a period of hegemony by money capital, productive capital will somehow naturally regain strength and find new ways to exploit labour and manipulate national and supranational governments (Ruigrok and van Tulder 1995: 20). They suggest that ‘capitalist restructuring is better understood by putting the rivalry between different spheres of productive capital at the heart of the analysis’ (ibid.).

Overall, this approach qualifies as regulationist on methodological grounds and because it argues that CCCs are needed to secure capital accumulation and political class domination. But it has a distinctive political and strategic orientation and is particularly concerned (as its preferred names suggest) with the international or transnational aspects of regulation (early work includes Bode 1979; Fennema and van der Pijl 1987; Holman 1987–8, 1989, 1992; Overbeek 1980, 1989, 1990; van der Pijl 1984, 1988, 1989a, 1989b; later work includes van Apeldoorn 1998, 2002; van Apeldoorn, Overbeek and Ryner 2003; Holman 1996; Houweling, Junne and Overbeek 1995; Overbeek 1990, 1993b, 2000, 2003; van der Pijl 1994, 1998; Ruigrok and van Tulder 1995, 1996; for a rich and detailed genealogy of the school, see Overbeek 2004).

The West German school’s best-known contributors are Joachim Hirsch and his fellow researchers in Frankfurt and Berlin; but their work stems in part from the earlier, self-defined Konstanz School and from Lutz’s account of the reasons for prosperity in West Germany (Lutz 1984). The Konstanz School was formed at the end of the 1970s as a discussion group concerned with the German Social Democratic Party’s plans for a Modell Deutschland. This slogan can be understood both as a vision (or projected model) to be realized in Germany and as an existing institutional configuration (or current model) to be copied elsewhere in Europe. Simonis, the school’s founding father, provides an excellent historical survey, conceptual analysis, research agenda and comprehensive bibliography (1998b). He claims that it wanted to develop an approach that ‘connected the level of politics systematically with the economy and the social relations of society’ (ibid.: 259). More specifically, it aimed (1) to systematically link the economic (growth, competitiveness), social (social integration, low unemployment), and political (effective crisis management) successes of the German model; (2) to take account of the increasing economic, social and political
repudiation of the model by subaltern classes and social movements, and (3) nonetheless to explain the continuing political stability of the West German state (ibid.). The school dispersed in the early 1980s, however, forming crucial links to the Amsterdam school (via Gerd Junne) and German regulationists based in Frankfurt (via Josef Esser). The initial Konstanz programme was further developed and deepened by Hirsch, Esser, their collaborators and students. They focus on *Vergesellschaftung* (societalization or ‘society effects’) as well as economic tendencies.

Hirsch and his associates explored not only the regulation of accumulation in narrow economic terms but also the regulation of capitalist societies as a whole through specific modes of mass integration and the contingent formation of a ‘historical bloc’ that unifies the economic ‘base’ and its political and ideological superstructures (on historical bloc, see Chapter 12). They combined a regulation approach to political economy with their own account of the capitalist state; and they analysed many phenomena – from the nuclear family and cities through party systems and corporatist arrangements to social movements and new forms of subjectivity. Key features of their work are its reinterpretation of the TRPF in regulationist terms and its concern with the role of the social and political bases of new policy models (early work includes Andersson 1986; Andresson and Mjøset 1987; Fagerberg *et al.*, 1989, 1992; Fagerberg and Lundberg 1993; Mjøset 1985, 1986, 1987, 1992; more recent work includes Andressson 1994; Mjøset 1997, 2002).

The *Nordic approach* was developed by social scientists working on the 1980s Nordic Economic Policy Project (and its successor projects) concerned with different ‘economic policy models’ in the Nordic countries. Explicitly influenced by the Parisian school (cf. Mjøset 1985, 1993), this approach is distinguished by its focus on national modes of growth (defined through the impact of the dominant export sector in different Nordic economies) and national modes of economic policy making (reflecting the mode of growth, political traditions and changing balance of economic and political forces in each country). The initial project looked at different responses to the 1970s economic crisis and showed less interest in the transition to new accumulation regimes and modes of regulation. But some ‘Nordic’ scholars have since examined the latter aspects too and also explored the changing social and political bases of new policy models (early work includes Andersson 1986; Andressson and Mjøset 1987; Fagerberg *et al.*, 1989, 1992; Fagerberg and Lundberg 1993; Mjøset 1985, 1986, 1987, 1992; more recent work includes Andressson 1994; Mjøset 1997, 2002).

Regulationist currents also developed in North America. The most distinctive is the ‘social structure of accumulation’ (or SSA) approach. Its work is closely related to the Union of Radical Political Economics and is often published in *Review of Radical Political Economics*, URPE’s ‘house journal’. The SSA school argues that sustained periods of accumulation require specific social and political conditions to support and reinforce the economic factors making for growth. Successive ‘SSAs’ are reproduced in and through a specific balance of forces and changes therein can cause a major economic crisis. This approach studies the correspondence between SSAs and long waves of accumulation and/or between SSAs in different locations in the world system. The SSA concept is theoretically analogous to concepts such as historical bloc, mode of societalization, and mode of regulation but is often presented in a more speculative (for example, Gordon 1980) or empiricist manner (for example, Bowles *et al.*, 1983) than needed to satisfy the scientific realist canons of Marxist theorizing. It also puts more weight on shifts in the balance of power than do the European regulationist schools (a good collection of work on the SSA is presented in Kotz *et al.*, 1994a; for an overview see the contributions of Ipsen and Lohr, Künzel, Monse, and Verhagen and Elshout to a special issue of *Mehrwert*, 1986; Hammer and Stockhammer 1995; Kotz 1988, 1990; Boushey and Pressman 1997; Mavroudeas 1999b; Reich 1997; Coban 2002; Warskett 1991).

Two further currents exist in North America but, as they are mainly concerned to develop and apply concepts and arguments common to much regulation theory and radical political economy more generally, they are less distinctive and not linked to distinctive research programmes. The first current analyses Fordism, neo-Fordism and post-Fordism and includes political economists, urban sociologists, radical geographers and others (for example, Florida and Feldman 1988; Harvey 1987, 1989a, 1989b; Harvey and Scott 1989; Kenney and Florida 1988, 1989; Storper and Harrison 1991). Some of these geographers have been called the California School. This is based in Los Angeles, a distinctively post-Fordist, postmodern city, and Northern California more generally; and it explores the urban and regional dynamics of these and other economic spaces where similar subnational innovative dynamics are found (Scott 1988a, 1988b, 1988c; Scott and Soja 1994; Soja 1985; Storper 1993; Storper and Scott 1988).

The second current comprises radical political economists interested in the conditions of postwar American growth (for example, Bernstein 1988; Davis 1986). Piore and Sabel’s well-known work on Fordism and flexible specialization (1984; see also Sabel 1982, 1986, 1987; Sabel and Zeitlin 1985) and its resulting crossnational research programme (Sabel and Zeitlin 1997a, 1997b) developed along parallel lines but have also been counterposed favourably to the RA (for example, Hirst and Zeitlin 1991; Sabel 1989).

[When the original version of this chapter was drafted (1988) and published (1990), no distinctive British regulation school existed. Several...
scholars, in many cases economic or regional geographers, later worked with the RA or related concepts such as Fordism. A typical example is Dunford (1990): his account of Fordism and its crisis in Britain, France and Italy draws heavily on Parisian, Amsterdam and West German perspectives (cf. Dunford and Perrons 1983 on Britain). Allen and Massey (1989) review other British work; and Hirst and Zeitlin (1991) offer an influential critique. For reviews, see Krätke 1999; Martin 1989; Tickell and Peck 1992; Benko and Lipietz 2002. Some commentators have recently identified a distinctive British school in human geography, sometimes called the Manchester School by analogy with the California School, which is briefly discussed in Chapter 7.

Despite its use of geographical terms to name the schools, this typology is actually based on their distinctive concepts and concerns rather than their ‘home bases’. Each school has won adherents in other places, because there are reciprocal, if asymmetrical, influences among them, and because they have some common concerns. Thus we should not establish rigid boundaries around each school. This point was emphasized in the original version of this chapter (Jessop 1990a) through an alternative fourfold typology based on two axes that reflect concerns shared to some extent by several schools. The first dimension is the relative weight given by a particular regulationist account to national economies and modes of regulation as opposed to the international aspects of Fordist expansion (such as US hegemony, complementarities among different national modes of growth or the nature of peripheral Fordism). And the second dimension is the extent to which a particular regulationist account looks beyond the economic to the extra-economic aspects of regulation and, indeed, to social structure more generally (societalization or ‘Vergesellschaftung’). Cross-classification produces four sets of approaches, each of which can be illustrated from the work of adherents in two or more of the above-mentioned schools (see Table 1.2).

The first set studies national accumulation regimes and modes of growth understood mainly in terms of their economic dimensions. This was Aglietta’s approach in his study of American Fordism (1974, 1979) and has been adopted by many other studies. The second set examines the international economic dimensions of regulation. The grenoblois approach is especially significant here. More generally, relevant general topics include (1) the world economy as a hierarchy of national or plurinational modes of growth, with its own specific modes of regulation, its own crisis forms, and so on; (2) the adhesion or exclusion of national modes of growth from the international order, with their respective implications for upward or downward movement in the international economic hierarchy; (3) complementarities among national modes of growth; and (4) the interaction of nationalization, transnationalization and internationalization tendencies. The third set studies patterns of societalization or ‘social structures of accumulation’ on the national level. It includes work on the development and dynamic of modes of regulation extending beyond the economic sphere and/or the ‘historical blocs’ that frame relatively stable modes of growth and regulation and help to consolidate them. And the fourth analyses international societalization in terms of complementarities among emergent international structures and strategies and/or attempts to establish a global order through various international regimes. The Amsterdam school best illustrates this approach but the expansion of the European Union, of other forms of macroregionalism, and growing recognition of the importance of globalization have prompted more general interest in international societalization (for example, Hirsch 1995b, 2000; Brand et al., 2000; Alnasser et al., 2001; Becker 2002; Brand and Görg 2003; Candeias 2004). As we move from the first to the second pair of cells, the scope for a post-disciplinary cultural political economy expands. We explore this in Chapters 10 and 12 and elaborate it in our companion volume, Towards a Cultural Political Economy.

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<td>A.1 Aglietta (1979) on US Fordism</td>
<td>C.1 Hirsch and Roth (1986) on Modell Deutschland</td>
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<td>A.2 Mjøset (1987) on Nordic Models</td>
<td>C.2 American Radicals on SSAs</td>
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<td>A.3 Boyer (1979b) on wage relation</td>
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<th>International focus</th>
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<td>B.1 Aglietta (1982a) on national economic complementarities</td>
<td>D.1 Amsterdam school (international regimes)</td>
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<td>B.2 Lipietz (1984a) on peripheral Fordism</td>
<td>D.2 Beaud (1987) on global hierarchies</td>
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<td>B.3 Mistral (1986) on international space</td>
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<td>B.4 Ominami (1986) on crisis in Third World</td>
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AN EXCURSUS ON THE FRENCH CONNECTION(S)

Following this introduction to the seven main schools, we now return to
the first three. These had the same ecological niche in the 1970s and 1980s
and the first two schools engaged in some heated discussions about the
respective merits of each approach before the Parisian school established
its dominance. The latter was more concerned, in contrast, to extend its
theoretical and political influence beyond this fragile French Marxist niche.
It also had a more ambitious research programme (as conceded, for example,
by Bellet 1988: 17–18; di Ruzza 1987: 5) and was more willing to engage in
cooperative research with non-regulationist currents in heterodox economics.
Here we are concerned primarily with the internal French Marxist debate
and we discuss the relative success or failure of the broader ambitions
of the Parisian school in its second- and third-generation work later (see
Chapter 7). These are interesting issues from critical realist and cultural
political economy perspectives because a research programme’s overall
impact depends not only on the explanatory power of its core concepts for
the relevant aspects of the ‘intransitive’ world (social as well as natural) to
which they apply but also on its epistemological, economic, political and
social standing in the scientific community and wider society (which critical
realism refers to as the ‘transitive’ dimension of science) (see Chapter 10; and,
for studies of how the academic field and social capital of different
French economists shape their theoretical, political and social influence,

Boccara’s Movement from Word to Concept

Boccara was the first to use the word ‘régulation’ in a critique of political
economy (Boccara 1961), began to conceptualize it adequately from 1971
onwards, and organized his theoretical and political work around it in
the late 1970s, when he linked regulation to the search for an alternative,
socialist form of economic and social management (gestion) to solve the
prevailing structural crisis of capitalism (for example, Boccara 1988; cf.
Bellet 1988). When Boccara began developing his theory of ‘regulation
through overaccumulation–devalorization’, the GRREC had not reached
consensus on the meaning of ‘productive system’ and the Parisian school
had not moved beyond using régulation in a loose, pretheoretical manner
to define the site of a problem. Boccara would later claim that he introduced
the concept of regulation in 1961; that his approach was vulgarized and
distorted in collective PCF publications;16 that Aglietta, who once belonged
both to GRREC and to Boccara’s PCF group of economists, appropriated
it for his own purposes; and that Boyer’s review of the RA systematically
marginalizes Boccara’s contributions (Boccara 1988: 69–72, 76–9, and
passim). Let us briefly comment on these claims.

First, temporal priority in using a word does not amount to its first use as
a concept and the three French schools evolved their respective approaches
much closer in time than Boccara suggests, with some initial overlap between
adherents of the Boccarien, the earlier grenoblois school of Francois Perroux
and Christian Palloix, and GRREC’s later grenoblois approach, and also
addressed different objects of regulation. Only in the 1970s did Boccara
turn decisively to the successive forms and crises in the régulation of capital
accumulation in and through the spontaneous operation and attempted
management (gestion) of the law of overaccumulation–devalorization as
well as to issues of feudal, seigniorial and socialist regulation. This is quite
different from GRREC’s interest in regulation in and through the TRPF
and the tendential equalization of profit rates; and from the Parisian school’s
initial concerns with different accumulation regimes and their modes of
regulation. These differences are reflected in their interpretations of the
rise of the late 1960s and/or early 1970s. For Boccara, this is overaccumulation
linked to ending of another long Kondratieff cycle; for the grenoblois,
the crisis of a mode of regulation due to transnationalization, class struggles
and the disintegration of its corresponding plurinational productive system;
and, for the Parisians, the exhaustion of the growth possibilities inscribed
in the Fordist wage relation and its mode of regulation. Second, whatever
the merits of the two competing regulationist explanations, Boccara’s work
was certainly superior to the contemporary crude party treatises on state
monopoly capitalism.

Third, Aglietta did develop some Boccarien themes (regulation,
devalorization and periodization) and also criticized, like Boccara himself,
simplistic theories of state monopoly capitalism (1979: 28–9). But he also gave
more weight to the wage relation in its widest sense and to relations between
the capital goods and consumer goods sectors; analysed devalorization
differently (Aglietta 1980); and treated state monopoly capitalism only
gesturally (Aglietta 1979). In addition, equal weight in tracing Aglietta’s
ideas should go to the work of earlier grenoblois theorists on dominant
economies, the internationalization of capital, and the transition from
Hübner 1989: 57–8).

Fourth, this said, Boccara did develop a distinctive regulation approach
firmly grounded in all three volumes of Marx’s Capital. This approach
accounts for the structural changes and structural crises of the capitalist system,
relating them to its normal functioning (regulated en passant through prices of
production) and to its fluctuations over long periods [cf. Kondratieff waves], linked
in turn to the specifically capitalist type of progression of the productivity of total labour [that is to say, the replacement of living by dead labour] and to an analysis of the role of the rate of profit in regulating the overaccumulation–devalorization of capital. (1988: 97, emphasis in original, our translation; cf. 102)

At first Boccara treated overaccumulation and devalorization as the central mechanisms in the spontaneous, blind ‘regulation’ of the circuit of capital. He argued that accumulation typically occurred under the dominance of capital’s search to reduce its need for living labour (real workers) by installing dead labour (fixed capital) and that this process inevitably produced uneven, unstable growth, marked by constant disturbances and tensions. In the short run, these could be overcome by reducing the rate of increase in the organic composition of capital (the ratio between constant capital, that is, the value of circulating and fixed capital, and variable capital, that is, the value of labour power) and, above all, by recurrent increases in surplus value (due to increases in the rate of exploitation through longer hours, lower real wages or increased productivity); in the long run, however, they produced structural crises that brought long cycles or waves of growth to an end. Only structural transformations could restore cohesion to the circuit of capital (as it moves from money capital through productive capital and commercial capital before any money profits are reinvested to renew the circuit) and initiate a fresh long wave. This required devalorizing part of the total social capital (by removing it from circulation through bankruptcy or other measures) and other modifications in the conditions of productivity and profitability (ibid.: 119–24).

He later argued that the succession of long waves is not tied to technology and the labour process alone but involves all human relations – socioeconomic, political and cultural (1983: 41). The solution does not lie in flexible specialization or automation (a capitalist solution) but in more investment in human skills and maximization of disposable wealth and income (cf. Boccara 1985).

The Grenoble School

This school developed as a coherent Marxist alternative to general equilibrium theory (de Bernis 1975). Accordingly it defines both the object and nature of regulation differently from the other French schools and its approach has evolved in other directions. The object of regulation is the articulation of the ‘two laws of profit’ (the TRPF and its countertendencies and the formation of a general rate of profit) in a given economic space with its own productive system. GRREC argues that it adds something to Capital on the grounds that Marx did not explain the long-term structural transformation of capitalism in and through crises in the mode of regulation. Instead, Marx only considered cyclical regulatory crises that occur within specific modes of regulation or stages of capitalism (de Bernis 1981: 171–3). GRREC’s work is similar to Boccara’s here insofar as both aim to ‘complete’ some aspects of Marx’s unfinished critique of political economy.

GRREC operates on two main theoretical levels. First, it explores the most abstract laws of capitalism and the general conditions for their effective articulation so that accumulation can continue. There are two such laws. The first is the tendency of the rate of profit to fall and the mobilization of countertendencies to maximize this rate. The second is the tendential equalization of the profit rate across branches. The realization of these ‘laws of profit’ is not guaranteed by an automatic mechanism but depends on the class struggle and capitalist competition, respectively. The articulation of these laws (and hence, within this approach, continued accumulation) depends on specific social procedures. These must secure a contradictory unity among the forces and relations of production by
adjusting the structure of production and social need so that they cohere. These procedures comprise the mode of regulation.

Second, more concretely, GRREC studies the specific forms assumed by these laws and their articulation in particular productive systems. A productive system occupies a specific economic space (always plurinational) with its own mode of regulation that secures a stable correspondence between the two laws. This implies that regulation does not operate at the level of the national economy and its state but involves several national economies (de Bernis 1988a). Thus the grenoblois distinguish between international economic relations within productive systems and international economic relations among such systems. They argue that these relations are integrated internally through a division of labour ‘normed’ by the money of the central national economy; and that they are mediated externally through barter-like exchange relations ‘normed’ by an international currency (di Ruzza 1982; de Bernis 1988a, 1988b). In addition, they emphasize the multiscalar nature of accumulation (Byé and de Bernis 1987). For plurinational productive systems are marked by centre–periphery relations, with the growth dynamic of subordinate spaces subject to strong external influences that prevent autonomous development; and one productive system tends to be dominant, imposing its norms of production on the other systems (Byé and de Bernis 1987: 915–24; cf. Becker 2002).

For GRREC, crises are endogenous to productive systems and can take two forms. Cyclical crises occur in a given mode of regulation and restore its effective operation. There are also crises in a mode of regulation that stem from the emergent contradictions of a productive system. These occur when the development of the productive forces (which are driven forward by the interplay of the two laws of profit) comes up against lags and rigidities rooted in the prevailing mode of regulation. GRREC also argues that, if accumulation is to be renewed, new productive systems with new productive forces are required. These crises developed in the 1980s because of shifts in the international dimension of the various prevailing productive systems. These were losing their sectoral coherence because production was becoming transnational, third world struggles were increasing, and so on (Borrelly 1990).

**Enter the Parisian Regulationists**

The conjuncture in which the Parisian RA emerged in the mid-to-late 1970s was marked economically by the beginnings of the crisis of Atlantic Fordism, theoretically by the crisis of Keynesianism, and politically by the search for policies to manage or resolve the crisis. While this school’s prehistory can be traced to its pioneers’ concern with the crisis of Keynesian macroeconomic models in the early 1970s, its actual history began with joint discussions by researchers from INSEE and CEPREMAP of Michel Aglietta’s thesis during 1974–5 and with studies of inflation by CEPREMAP researchers for a general research organization serving the economic state apparatus (CORDES) (1976–7). Its initial work developed in an intellectual climate interested in epistemological issues and some early studies show a methodological self-awareness that would seem exaggerated in most contemporary economic theory. One influence was the analysis of regulation in cybernetics, thermodynamics, systems theory, autopoietic (or self-referential, self-reproducing) systems, and catastrophe theory (for example, Bremaud 1977; Lichnerowicz et al. 1977; Lipietz 1979; Aglietta 1982a; Madeuf 1986). But the general scientific question of regulation was always related to substantive issues initially posed in Marxist terms. Important here were a largely positive attitude to Marx’s own studies, a rejection of the ‘fossilized Marxism’ of the interwar period and standard party textbooks (including those of the PCF) and an ambivalent relation to the contemporary structural Marxist reading of Capital (Althusser and Balibar 1977). These influences are rarely evident in the current work of the early regulationists and this is reflected in a surprising collective amnesia about their role in earlier work.

We now explore the Parisians’ ambivalent relation to structural Marxism, which developed a decade or so earlier. It was characterized by its rejection of two influential currents in Marxism: economism and humanism. Economism regards the economy as an autonomous and dynamic system that underpins an epiphenomenal superstructure and determines the class antagonisms that drive historical development. In contrast, humanism explains the genesis and dynamic of social structures in terms of actions by free-willed human subjects and also focuses on human alienation rather than economic class exploitation. Against economism, the structural Marxists argued that a mode of production comprises a complex structured whole formed through the articulation of relatively autonomous economic, juridico-political and ideological regions. They also argued that (1) one of these regions dominates the others in securing the reproduction of the whole; and (2) that the specific form of the economic relations determines ‘in the last instance’ which region is dominant. The CMP was unique because economic relations (in this context, market relations) are dominant as well as determinant. For the role of profit-oriented, market-mediated production in an economy that has been disembodied and differentiated from other social institutions shapes the overall dynamic of capitalist social formations. Althusser and Balibar did not analyse the value form and its implications in detail, however, or elaborate the nature and limits of ‘relative autonomy’. This left them unable to explain economic crises and capital’s capacity to reabsorb them or to address
the contribution of extra-economic mechanisms to capitalist reproduction-régulation. Finally, against humanism, they claimed that human agents are the mere Träger (or passive supports) of the self-reproduction of the capitalist mode of production.

As economists and/or engineers rather than philosophers, early Parisian regulationists were not simple (or simple-minded) followers of Althusserian structuralism. Yet some did adopt some of its general claims, such as the specificity of the Marxist dialectic (especially as a guide to theory construction) or the differential articulation of modes of production. Some also employed key Althusserian concepts, such as ‘structure in dominance’, social formation, overdetermination, interpéllation and apparatus. But they firmly rejected Althusser’s reading of the basic structure and concepts in Capital and Balibar’s search for its invariant forms. Instead they insisted on the need to begin an analysis of capital as a social relation with the commodity, money and value forms explored by Marx and to identify the variables that could explain the alteration of stability and crisis in capitalist development (Boyer 1990a: 12–13; Lipietz 1987b; Coriat 1994). Overall, whereas Althusser and Balibar focused on general concepts of historical materialism valid for all modes of production and did not really investigate the dynamic of capitalism itself, Parisian regulationists focused on specific concepts needed to analyse capitalism. Moreover, while Althusser and Balibar argued that modes of production reproduced themselves, the parisiens knew enough about formal reproduction schemes (a Marxist version of input–output schemes) to conclude that accumulation could not occur without disproportions and conflicts. They therefore asked how the latter are regulated within broad limits consistent with accumulation.

In short, the Parisians criticized the Althusserian view that structures somehow maintain themselves quasi-automatically, independently of effective social agency, and with no significant transformations. Rejecting the emphasis on structural unity typical of Althusser’s concern with reproduction, regulation theorists stressed the ‘unity of unity and struggle’ in regulation (for example, Bénassy et al., 1977, vol. 1: 5; Lipietz 1977; but see also Balibar 1974 and Althusser 1995). They asked how capitalism could survive even though the capital relation itself inevitably produced antagonisms, contradictions and crises – all of which made continuing accumulation improbable and generated major ruptures and structural shifts as capital developed (Aglietta 1974, 1976, 1979; Lipietz 1977, 1979). And, with the later Althusser, chastened by May 1968, they emphasized the role of class struggle in reproduction, regulation and rupture alike.

The analysis of reproduction as régulation framed much early Parisian work. It was a reaction to the functionalism of the Althusserian account of social reproduction and the formalism of schemas of economic reproduction. While Marx used reproduction schemas to show that reproduction was feasible, the Parisians argued that such schemas did not explain how private economic agents come to act in line with such reproduction requirements. This was the task of the regulation approach (for example, Bénassy et al., 1977, vol. 1: 31–6). In explaining how economic and social reproduction was secured, they looked to specific institutional forms, societal norms and patterns of strategic conduct. These express and regulate conflicts until the inevitable tensions and divergences among different aspects of regulation reach crisis point (Aglietta 1982a: vi; Lipietz 1979: 32–8; 1987a: 3–4, 1988). A period of struggle then occurs until new forms of regulation are stabilized. Although they mostly agreed at first on starting from the value form in analysing these processes, parisiens have since diverged both on the object and mode of regulation. Before considering this, however, we will review Aglietta’s pioneering research.

Aglietta’s thesis was entitled Accumulation et régulation du capitalisme en longue période. It was less concerned with the causes of crisis than with why the crisis had not occurred earlier (Aglietta 1974; cf. Coriat 1994). This led to the idea of the regime of accumulation and to an embryonic account of regulation – an analysis that became more prominent in the fundamentally rewritten book that derived from his dissertation. However, while the thesis was not regulationist avant la lettre, it was certainly penned avant le concept. For Aglietta developed neither a general theory of capitalist regulation nor a specific account of Fordism. His basic claim was that accumulation and regulation were the twin faces of capitalism and that economic analysis had focused too much on the former. At this stage in his thought, however, ‘régulation’ had mainly diacritical and heuristic functions. It hinted that Aglietta would go beyond a one-sided analysis of accumulation and its contradictions to look at social relations, their cohesion and transformation (1974: viii; cf. 1979: 16). Thus he explored how the laws of accumulation and competition were rearticulated in the shift from extensive to intensive accumulation; and then showed how this transition was facilitated by changes in the structural forms that governed the wage relation and/or the competition between capitals. His main concern was to define monopoly capitalism and explore its structural forms and laws of motion in America (ibid.: ix). Thus his thesis studied three key areas of modern US capitalism and three structural forms involved in regulating them: the Fordist wage relation based on collective bargaining and the social wage, the large corporation with its role in coordinating valorization in delimited areas, and the role of financial groups in centralizing control over the circuit of capital. But, while ‘régulation’ as such did not have a major role in the thesis, each of these forms could be interpreted as a key element in a broader mode of regulation.
Aglietta’s thesis was not widely circulated and had little direct impact outside CEPREMAP. His public recognition as a pioneer of the RA depends on its revised book version, which continued to use regulation theory to counter one-sided concern with accumulation (1979: 15). Aglietta described régulation as an approach to capitalism that isolates the conditions and rhythms of its long-run cohesion and the forms of its crisis and social transformation under the impact of class struggle (1979: 14–17, 351–2, 384). Thus he was less concerned to theorize régulation as such than to explore the more or less coherent ensemble of mutually interdependent structural forms that might sustain a given accumulation regime. As in his thesis, Aglietta first examined the main structural forms that canalize and mediate the class antagonism inherent in accumulation. He focused on the wage relation (rapport salarial) but defined it to include the labour process, industrial relations, and social security. He then examined the structural forms that govern the rivalry among competing capitals. Here he explored how norms of production and exchange were generalized within and across different branches of production and how the general rate of profit was established in and through competition.26 He presented these structural forms as institutions that emerged from class struggle and served to secure the cohesion of the basic social forms of the core capital relation (1979: 19, 188). This general analysis of structural forms was overshadowed, however, by detailed accounts of changes in the money and credit forms. For his main argument was that the mode of regulation in the intensive regime interacted with the dynamic of overaccumulation to produce stagflationary tendencies that would culminate in severe financial crisis. Ultimately, then, he explained the specificity of the crisis in Fordism in terms of the changing forms of money and credit even though he first defined the Fordist regime in terms of its distinctive wage relation (ibid.: passim).

The theoretical assumptions and explanatory principles that underpin the RA were taken much further and presented more clearly in the foreword to the second edition of Aglietta’s book. By then the école de la régulation had emerged, making his task easier. At the same time, Aglietta had already moved some way27 from his original, value-theoretical approach, that is, an approach that starts from the contradictory character of the commodity as the unity of use and exchange value. He now argued that capitalist social relations (especially those expressed in commodities and the salariat) divide individuals and social groups and inevitably generate social rivalries and antagonisms; and that the resulting conflicts are mediated, materialized and normalized by social institutions (or ‘structural forms’). This occurs by transforming antagonisms into simple differences more open to negotiation or coexistence. Yet this requires in turn that social institutions remain close to the sources of conflict with the result that they continually reproduce rather than transcend the conflicts. Crisis tendencies are therefore always and irreducibly present in régulation.

Nonetheless, Aglietta continues, when the normalizing effects of institutions are dominant, a stable regime of growth is possible. Eventually, however, emergent rigidities and new social conflicts will escape normalization. This will create zones of instability (where new antagonisms can no longer be mediated by structural forms) and bases of rupture (where strains have become so intense that institutions transmit rather than absorb tensions). In the latter case, major crises will develop. Thus régulation is ambivalent. On the one hand, it offers a relatively stable framework in which different groups can develop strategies for economic growth and its regulation. On the other hand, it also tends to block the fluidity or flexibility of market forces and thereby generates crisis tendencies (Aglietta 1982a: v–vii; this shift continued in a later ‘postface’, Aglietta 2000a; for a critique, see Husson 2001).

The other key source of the Parisian school is the CEPREMAP research on inflation or, more precisely, stagflation. This manifestation of the crisis of postwar capitalism was a phenomenon that orthodox economics could not explain in terms of the standard operation of the laws of supply and demand and thus provided a theoretical challenge for the incipient RA to explain. RA scholars rose to the challenge by distinguishing different modes of regulation, defined as ‘the ensemble of processes which govern the allocation of the factors of production, their utilization, and that distribution in the context of this economic system... [and creates] a minimum of coherence, or stability in the ensemble of these processes’ (Bénassy et al. 1977, vol. II: 25, our translation). Its account distinguished two accumulation regimes—extensive and intensive—and two corresponding modes of regulating the wage relation, namely, competitive and monopolistic.28 Finally, it showed empirically that these accumulation regimes and modes of regulation had different effects on the conjunctural fluctuations and crisis tendencies of capitalism (Bénassy et al. 1977). This report was not published in full for a wider readership. Instead its first part led to two solidly Marxist, value-theoretical books on inflation and money (Lipietz 1979, 1983; see also Aglietta 1980); and its second part appeared in more empirical analyses framed more in neoKeynesian, price-theoretical terms (Boyer and Mistral 1978; Bénassy et al., 1979; Boyer 1979a, 1979b) (cf. Vidal 2001: 23). A parallel study at CEPREMAP focused on regulation and the state by exploring the long-run evolution of public expenditures in France (Delorme and André 1983).

In his strongly value-theoretical analysis, Lipietz explored capitalism’s two main contradictions (private ownership versus socialized production and bourgeoisie versus proletariat) and their regulation through a variable
articulation of markets, firms and the state (1979: 54–5, 98 et seq.). He also examined inflation and crisis in terms of a Marxian distinction between the esoteric and exoteric worlds and commodity fetishism (1985). In their more price-theoretical analysis, which owed more to Kaldor, Keynes and Kalecki than to Karl Marx, Boyer and Mistral showed the close connections between accumulation and inflation in the French economy (1978). Boyer also distinguished and compared competitive and monopolistic wage relations in France over a long period (1979a, 1979b). Another early study examined crises and periodization (Mazier et al., 1984). In general, while most first-generation Parisians did not start from value-theoretical premises, they nonetheless assume that the wage is both a source of domestic demand and a cost of production and that this engenders both conflicts with capital and scope for institutionalized compromise.

This list of early studies could be continued (see Noël 1987, Dunford 1990, Lipietz 1986a, 1986b; and the essays in Boyer and Saillard 2002a) but it is clear that, despite similar methodological assumptions, early Parisian work diverged significantly on the objects, structural forms and sites involved in regulation. It also divided into several currents according to the weight given to ideas drawn from such theorists as Marx, Keynes, Kaldor and Kalecki concepts in developing the RA (cf. Hübner 1989; de Vroey 1984; Mjøset 1985; Noël 1987). Indeed Parisian studies became so diffuse and ambiguous that Duharcourt claimed that: ‘their relative homogeneity only stems from a certain constancy in vocabulary (“competitive regulation” versus “monopolistic regulation”, “extensive accumulation” versus “intensive accumulation”...) and from similarities in the periodization of capitalism’ (1988: 136–7, our translation). Likewise, another grenoblois writer referred to the Parisian school’s ‘heteroclite assemblage of the most contradictory theoretical concepts’ (di Ruzza 1987: 4–5). Even Boyer, the leading Parisian from the early 1980s onwards, concedes problems in identifying what gives the school theoretical and political coherence (Boyer 1990a: 23–4, 65–6; Boyer and Saillard 2002b). This has prompted some theorists to return to the basic concepts of régulation and to try to give them more rigorous theoretical foundations (for example, Billaudot 1996; Théret 1992; and, most recently, Boyer 2004b).

The key Parisian concepts can be summarized as industrial paradigm, ‘regime of accumulation’ or ‘accumulation regime’, ‘mode of growth’, ‘mode of regulation’ and ‘mode of development’ (cf. Boyer 1990a: 36–40, 48). These involve not only a movement from abstract to concrete but also from simple to complex: for example, compared with an accumulation regime, a mode of regulation involves crucial non-economic moments and more detailed specification of the economic aspects of a social formation. First, an industrial paradigm is a model governing the technical and social division of labour. One such paradigm is primarily microeconomic. One such paradigm is mass production. This concept is based on (1) a dominant paradigm of industrialization, (2) an accumulation regime, and (3) a mode of regulation (Lipietz 1992b: 194; cf. Leborgne and Lipietz 1988: 77).

The crucial distinction between the two terms is that, whereas Boyer sees ‘mode of development’ as having an analytical function in the movement from abstract to concrete, Lipietz regards a ‘model of development’ as a paradigm for economic and political action. It is not a transhistorical functional necessity but a determinate product of specific social struggles and ideological conflicts in a particular historical context. A model of development ‘is both the product of the constitution of a new
hegemonial system and the basis for its reproduction over a long time span’ (1992b: 194). Moreover, where such a model proves relatively successful in a powerful nation or group of nations, it is likely to become hegemonic for other nations too. Fordism and its associated American way of life illustrate this well (ibid.: 194–6). In their different ways, both modes and models of development depict the economy in an inclusive sense. They could also be seen as metacrisist concepts (Ruigrok and van Tulder 1995: 33; Messner 1998) but, whether we accept this designation or not, they are the most concrete–complex of the initial set of core concepts in the Parisian school. They are also reminiscent of the idea of l’economia integrale (the integral economy or economy in its inclusive sense) inspired by Gramsci and defined as ‘accumulation in and through regulation’ or ‘accumulation regime + mode of regulation’ (Jessop 1992c: 234; cf. 1997c; see also Chapter 12; and, for the most explicit work concerned with hegemony and regulation, Demirovic et al., 1992).

Comparing the Three French Schools

Despite these (and other) differences, there are also similarities between the Parisian and grenoblois approaches. Three key Parisian concepts are accumulation regimes, modes of growth and modes of regulation. GRREC’s triplet comprises articulation of the two laws of profit within limits that permit a balance between the productive structure and the satisfaction of social need; productive systems; and modes of regulation. Likewise, both approaches explore how economic and non-economic procedures can be combined to produce a relatively stable, coherent and dynamic framework able to secure capital’s expanded reproduction. Yet they also share certain economistic tendencies. This was already evident in Aglietta’s early work and persists in more recent Parisian work. It is even clearer for GRREC, which argues that social regulation is mainly concerned with the economy and presents the RA as an alternative to general economic equilibrium theory. It is therefore prone to three forms of economism. First, it regards the state and civil society as largely external to the economy. Thus it overlooks how the latter is deeply penetrated by extra-economic forces and relations. Second, although it argues that class struggle and competition are the driving forces behind accumulation, it nonetheless treats the dynamic of the productive system as endogenous. And, third, it confuses the real concrete with the formal concrete.

Insofar as it integrates non-economic factors, it only presents them in terms of their functions in reproducing the productive system. Boccara’s approach has strong economistic tendencies too: at first, he confined the ‘essential regulators’ to the rate of profit and devalorization and neglected the extra-economic issue of ‘anthroponomic’ regulation. Only when they provide an equally rich and complex analysis of the form, modus operandi, and activities of the state (and other institutions or structural forms) will all three French schools avoid these tendencies to one-dimensional analyses or, worse, economic reductionism (see Chapter 3).

There was a further problem in the first-generation work of all three schools, for French theorists long failed to define the basic concept of régulation clearly, either in general terms or in its concrete applications. There are three reasons for this. First, in contrast to other key regulationist concepts, regulation initially had only a diacritical or sensitizing function, marking off the RA from both the neo-classical idea of general economic equilibrium and Marxist structuralism. Only later did regulationists present it as a positive concept with a precise theoretical place in the movement from abstract–simple to concrete–complex.

Second, whereas most of the key Marxist concepts refer to inherent, enduring, invariant and universal moments and laws of motion of capitalism, régulation refers to contingent, provisional, unstable and partial institutional ensembles that can only temporarily stabilize capital accumulation in specific spaces. This does not mean that the RA addresses only the changing ‘content’ of capitalist relations as opposed to their invariant ‘form’. Instead, it claims that the basic forms of the capital relation do not fully determine the course of capital accumulation and must always be supplemented by social practices, institutions, norms and so on. It is the RA’s special task to conceptualize and describe these and how they overdetermine accumulation in specific accumulation regimes and modes of regulation. This is why the approach initially began with form analysis and the fundamental laws of accumulation and then proceeded to analyse more concrete objects and the actual, contingent movement of capital.

Third, there is ambiguity about the object of regulation, that is, what must be regulated (cf. Drugman 1984; Billaudot 1995)? French theorists offer at least six interpretations: (1) the wage relation, viewed as capitalism’s core relation; (2) the articulation between the laws of profit; (3) the law of overaccumulation–devalorization; (4) the balance of production and consumption; (5) the ensemble of conditions necessary for accumulation; and (6) the relation among different national and regional economies within an international regime. Other schools focus on class conflict and/or capitalist competition (for example, the SSA approach) or bourgeois Vergesellschaftung (the West German approach). All these objects do, indeed,
require regulation. This suggests not only the need to regulate specific sets of social relations but also the need for procedures to secure a modicum of cohesion across different sites of regulation. This raises several problems about regulation, its objects and its subjects (see below).

WEST GERMAN STATE THEORY AND REGULATION

The West German school is like the Parisian school in three ways: its basic methodology, its interest in Fordism and post-Fordism, and its use of some Parisian terms. It is distinctive in three other ways. First, it has more fully explored state forms and the state’s role in regulation; second, it sees the main object of regulation as the social formation; and, third, in Hirsch’s earlier regulationist work, regulationist concepts are not so much located at different levels of abstraction (à la française) as on different planes (or axes) of analysis.

Methodologically, the West German state derivation approach tried to establish the nature of the capitalist state through a progressive, step-by-step movement from its most abstract determinations to its diverse, contingent forms and functions (for example, Hirsch 1974b, 1977, 1983a). Its basic assumptions were close to the RA. In particular, derivationists suggested that (1) reality comprises a complex structured whole whose elements have a certain autonomy within an overall unity; (2) this complex structured whole can be analysed at different levels of abstraction according to a complex hierarchy of determinations; and (3) the results of all investigations (regardless of the order of research) must be presented as a movement from abstract to concrete so that the whole (or that subset of its elements actually studied) can be reproduced in thought as the complex synthesis of multiple determinations. In this sense they adopted a realist ontology, a realist methodology and a realist method of presentation.

There are two main currents in materialist state theory in West Germany. One tried to derive the state’s form and functions directly from the imperatives of capitalist reproduction, the other derives its institutional form from the nature of the CMP and then considers how this affects its capacities to act on behalf of capital. Whereas the first approach, based on logical derivation, tends towards essentialism and functionalism, the second approach, based on the method of articulation, suggests that the very form of the capitalist state problematizes its functionality for capital. West German regulationists emerged from the second current and, like its French counterparts, stressed the improbability of stable capital accumulation. Both asked how capitalism could be reproduced (whether economically and/or socially) when its typical social forms (the value and/or state forms) generate contradictions and conflicts that cannot be resolved through these forms alone. The West German answer highlights the state’s role in instituting and managing society-wide regulatory procedures. Together these procedures generate ‘Vergesellschaftungsmodi’ (modes of societalization or ways of producing a ‘society effect’) – with societalization denoting processes of structuration and regulation at a societal level. Thus the German school goes well beyond the analysis of economic regulation narrowly conceived to consider capitalist societies as a whole. It combines a regulation approach to political economy with its own account of the capitalist state; and it analyses many phenomena – from the nuclear family and the city through party systems and corporatist arrangements to social movements and new forms of subjectivity. Its key concepts are modes of mass integration (based on the operations of mass integrative apparatuses such as unions, parties, the mass media, the family system or churches) that bind subordinate classes and social forces into a liberal democratic society and the ‘historical bloc’, which unifies the economic ‘base’ and politico-ideological superstructures.

German regulationists suggest that social formations are reproduced through a complex ensemble of institutionally mediated practices in two areas. First, they secure at least a minimal congruence among different structures; and, second, they integrate the masses through an ‘unstable equilibrium of compromise’. A hegemonic bloc has a key role in the latter regard. This term derives from the interwar studies of Antonio Gramsci (1971) and the postwar Greek Marxist state theorist, Nicos Poulantzas (1973, 1978). It refers to a durable alliance of class forces organized under the dominance of a class fraction that enjoys political, intellectual and moral leadership over the dominant classes and popular masses. When this successfully pursues its economic, political and ideological project, a ‘historical bloc’ may develop. This is, following Gramsci again, a historically constituted, socially reproduced structural correspondence between the economic base and political and ideological superstructures of a social formation (on Gramsci’s anticipation of regulationist analyses, see Chapter 12). Thus the West Germans extend the RA from the question of economic reproduction to that of how capitalist societies as a whole are reproduced. Even this first, economic question is quite wide when posed from the perspective of the wage relation; the second is wider still. For it raises interesting problems about the relationship between economic and societal regulation and how these processes are mediated in and through the state.

This school partially integrates some ideas from the Parisian approach. Indeed, as Hirsch has remarked, in drawing on French work and combining it with West German state theory, he could ‘proceed from general (and therefore abstract) political theory to a concept useful for the analysis of
actual changes in the political apparatus, essential for the political usefulness and relevance of theory' (1983b: 75, our translation). Two Parisian concepts proved most useful: ‘regime of accumulation’ and ‘mode of regulation’. They were linked to a third, namely, hegemonial structure, which derives from Gramsci and Poulantzas. The precise status and relationship of these concepts is unclear. Sometimes they only seem to involve new terminological bottles for the Marxist trinity of economics, politics and ideology (for example, Häusler and Hirsch 1987: 652–3; cf. 1989). But sometimes Hirsch seemed to regard them as varying in degree of abstraction rather than substantive focus – with modes of regulation being the concrete expression of an abstract accumulation regime. Even so Hirsch and his associates tended to neglect the specificities of national and regional economies and to conflate an ideal typical model of Fordism with Modell Deutschland. They therefore failed to present an abstract model of Fordism and then specify its West German variant – even though they often stressed that there is no single model of Fordism – and to consider alternative routes to post-Fordism. They also emphasized the qualitative dimensions of accumulation (the modalities of competition and class struggle, shaped but not fully determined, by specific structural forms) at the expense of its quantitative aspects (formal reproduction schemas, proportionality among different departments or branches of production, balanced growth in production and consumption). This led them to exaggerate strategic issues and neglect structural constraints on accumulation. This caused real difficulties in combining a general explanation for capitalist crisis tendencies with a concrete analysis of the crisis of Fordism. This reflected Hirsch’s continuing commitment to a generic tendency of the rate of profit to fall as an explanation for capitalist crisis – so that he tended to reduce the crisis of West German Fordism to the generic mechanism of capitalism (Jessop 1988; Hübner 1987, 1988). More recent work in the West German school has remedied many of these defects by extending its scope beyond the German case, paying more attention to the specific contradictions of different phases of capitalism and exploring the dialectic of structure and agency (for example, Esser, Görg and Hirsch 1994; Hirsch 1995a, 2000; Bruch and Krebs 1996; Sabelowski 1998; Becker 2002; Brand and Görg 2003; Candeias 2004; Alnasser 2004; see also Chapters 3 and 7).

It is also unclear what regulationist concepts actually contributed to Hirsch’s analysis of the political because his account of West German developments changed little when he integrated the RA. In part this reflects the different strengths of the two approaches (since he was largely concerned with the state) but it also reveals the need for a more comprehensive engagement with regulationist concepts. Indeed, the French schools have largely neglected the state and, apart from Lipietz, lack an equivalent concept to hegemonial structure. This may have made it easier to separate different levels of economic abstraction but led them to neglect the political and ideological planes of regulation. In contrast, the West German approach integrated regulation concepts with analyses of state forms and extended modes of regulation to cover societalization as well as narrow economic reproduction. Its theorists thereby avoided the tendencies towards economic reductionism evident in much French regulationism. For they offer a richer and more complex account of regulation and modes of mass integration across the economic, political and ideological dimensions of social formations.

**THE SOCIAL STRUCTURES OF ACCUMULATION APPROACH**

Although the main empirical focus of this school was initially the United States, its theoretical scope is very ambitious. Indeed, with its interest in the conflicting logics of capital and democracy, it sometimes seems more comprehensive than regulation theory. This might well be broadly true of grenoblois and Parisian versions but is less obvious for the Boccarien and West German currents. Nonetheless, as Künzel notes, the range of issues to which the SSA approach has been applied is extensive:

The concept of SSA has been used to explain the connection between conjunctural cycles and ‘long waves’ (Gordon, Weisskopf; Bowles 1983, 1984), stagflation (Weisskopf 1981, Rosenberg and Weisskopf 1981), the growth weaknesses of the British economy (Bowles and Eatwell 1983), changes in labour market structures (Gordon, Edwards and Reich 1982), the transformation of the labour process (Edwards 1979), the frequency and duration of labour struggles (Schor and Bowles 1987). As well as changes in the relationship of state and economy (Bowles and Gintis 1982, 1986). All these studies show in convincing manner the need to introduce sociopolitical relations into the analysis of economic processes, as soon as one examines more than very short-term changes of structural-functional relations. But they concern special partial aspects of the concept of SSA or remain still relatively vague regarding its analytical-operational content (1986: 103–4, our translation)

The SSA approach was first presented by Gordon (1978, 1980) as an institutional account of long waves in capitalist development. He argued that ‘relative stability in the general social and economic environment affecting the possibilities for capital accumulation is a necessary condition for sustained and rapid accumulation; without such structural stability, the pace of capital accumulation in a capitalist economy is likely to slacken’ (1980: 12). He then listed 13 institutional complexes necessary for capital in general...
and (a significant number of) individual capitalists to be able to overcome the intrinsic contradictions of capitalism (class struggle and competition) and accumulate effectively. These complexes ranged from systems of natural resource supply and the ‘social family structure’ (family, schools and so on) through labour markets and structures of labour management to structured social foundations of consumer demand (ibid.: 12–17). Gordon argued that these institutions formed a unified SSA with its own logic and internal contradictions; and that such SSAs should be studied closely to fully understand capital accumulation and the prospects for political change (ibid.: 18). This led him to distinguish periodic business cycles from economic crises. For, whereas normal economic activities will restore cyclical upswings, an economic crisis involves ‘a period of economic instability in capitalist economies whose resolution depends on the reconstruction of a social structure of accumulation’ (ibid.: 20; cf. Gordon et al. 1982: 26). This will only occur through a protracted class struggle to find a new SSA whose shape will depend on balance of forces during the crisis-resolution period (Gordon, 1980: 21–2). Rather than develop the institutional implications of this SSA approach, however, Gordon speculated about the origins and amplitude of long waves in terms of periodic bunching of the infrastructural investments necessary both to underpin a domestic SSA and to secure control over world markets (ibid.: 26–32).

Subsequent work jettisoned these general speculations and concentrated on the SSA that sustained America’s postwar boom. Moreover, rather than working with 13 institutional ensembles, they identified four complexes: the capital–labour accord, the international balance of forces, the capital–citizen accord and, added later, competition among domestic capitals (on the first three, see Bowles et al. 1983; on the fourth, Gordon et al. 1987: 48, and Bowles et al., 1988, 1989). This shift in focus meant that certain institutions (structural forms) that are important in the RA (such as money, credit and the structure of final demand) slipped from view (cf. Verhagen 1988: 3–5; 1993). The basic model remained much the same, however, with the main refinements occurring in its operationalization and econometric testing.

Most attention was paid to three of the institutional ‘buttresses of US capitalist power’ that formed the postwar SSA. A partial capital–labour accord brought big capital and organized labour together, replacing the conflicts of the 1930s and early 1940s, in a compromise that gave workers annual wage rises tied to productivity, in exchange conceding extensive managerial prerogatives to capital. Pax Americana established the dominance of the US in raw materials supply and world markets. And the ‘capital–citizen’ accord provided the SSA with democratic legitimacy. Together these accords produced a balance of power that favoured accumulation, and subsequent shifts in this balance, positive and negative, can explain variations in the postwar profit rate.

The SSA is based in the heartland of neoclassical economics, which has become increasingly mathematical in its basic methodology and increasingly remote from the real world. The SSA has therefore devoted enormous efforts to statistical analysis and to demonstrating the validity of its claims within the conventional canons of American economics. For the same reason, it has focused primarily on analysing and modelling the US economy rather than on the broader range of national comparative studies typical of the Parisian, Nordic and Amsterdam schools (cf. Coban 2002: 302). Indeed, one of the founding fathers of the school has criticized more recent work for this stress on quantification and implies that it puts the econometric cart before the institutional horse (Reich 1997). A stylized account of the steps involved in the SSA approach would run as follows. First, examine statistical material to find phases in the development of key economic variables (typically the rate of profit and/or of productivity growth); second, sketch the institutional developments associated with these phases; third, find some plausible connections between economic variables and institutional factors; fourth, develop indicators of these institutional developments; fifth, test the presumed relations through multivariate analysis (Kotz 1990). In addition, the link between institutions and economic variables must be given microfoundations in the conduct of the key actors: firms, workers, foreign economies and citizens. Bowles et al. (1988: 51) summarize this analytical step as follows: ‘take that set of institutionally determinate social relations as given historically; stipulate the relatively determinate interests which those social relations are likely to condition; trace the potential and actual conflicts of interest among constituent actors within that SSA which are engendered by those relations; and analyse how those resulting conflicts are mediated’.36

The main similarities and contrasts between the SSA and European approaches should now be clear. Both accounts seek to endogenize social structural factors in their exploration and explanation of accumulation. These factors are seen as crucial internal forces in the logic(s) of accumulation and its associated struggles. This is why the SSA and European approaches focus on long waves, swings or stages of accumulation and their respective SSAs or modes of regulation. And it is why the former approach distinguishes normal business cycles from crises of an SSA, and why the Europeans distinguish regulatory crises from crises of regulation. All schools also share a concern with the dialectic of structure and agency, with the latter usually understood in broad macro terms as class struggle. SSA theorists have gone further in attempting to develop microfoundations for their macroeconomic arguments by adopting stylized assumptions about typical
Early regulation approaches in retrospect and prospect

actors’ interests within a given SSA. Some Parisians have also recently moved in this direction by including microfoundations from the theory of conventions (Chapter 7).

Noting such ‘family resemblances’ should not blind us to major dissimilarities. First, whereas regulationists study how modes of regulation affect accumulation regimes and/or modes of growth, it is less clear on what object an SSA operates (Kotz 1990: 7; Norton 1988b: 21–2n). The SSA school has no concept equivalent to accumulation regime; instead it offers vague notions such as ‘stage’ or ‘phase’ of accumulation or ‘booms and crises’ (cf. Verhagen 1988: 5). This is linked, second, to SSA theorists’ concern with the quantitative issue of how institutions affect the rate of profit and, by assumption, the rate of accumulation. This contrasts with the regulationists’ interest in the qualitative issue of how different accumulation regimes and modes of regulation modify the basic Marxist crisis tendencies (Kotz 1990: 7, 9). And, third, while the RA explains crises of regulation in terms of the long-term dynamic interaction between accumulation regimes and modes of regulation, SSA theorists focus on the institutional collapse of the SSA and/or changing power relations in the four pillars (ibid.: 12–13). Thus regulationists explained the 1930s crisis in terms of how the competitive mode of regulation blocked balanced growth between mass production and mass consumption; and traced the 1970s crisis to the exhaustion of the Fordist accumulation regime. In contrast, SSA theorists argued that continuing accumulation undermined the US capital’s power in a ‘three-front war’ against American workers, foreign capital and American citizens. In other words, power asymmetries are central to the SSA approach. This implies that accumulation could be renewed if capital could reverse the balance of forces in its favour but it was far from clear how this might occur. Is a new social structure of accumulation required or would it suffice to defeat the working class within the extant system? SSA theorists indicated that the ‘Reagan revolution’ may have shifted the short-term balance of forces in favour of capital but had failed to create new institutions that could consolidate a more fundamental, long-term shift. Thus a new SSA was still required (Bowles, Gordon and Weisskopf 1989, 1991; Weisskopf, Bowles and Gordon 1988). For, ‘if an SSA is understood to mean not just any set of institutions that affect capital accumulation but a set of institutions that effectively promote rapid and stable accumulation, then the continuing absence of rapid long-run growth in the industrialized capitalist countries is inconsistent with the claim that we now have a new neo-liberal SSA’ (Kotz 2001: 97). A major problem in this regard is the inability of world capitalism to reconfigure the state as part of a new SSA (ibid.: 95–8, 105–8).

In exploring these issues, SSA theorists stressed the links between power relations and profitability: indeed, they explicitly treated the latter as a measure of the power of capital (Bowles et al. 1986: 136). This seems to ignore the role of forms (for example, the commodity, money, capital, wage and price forms) in shaping the logic of capital and to prioritize pure power struggles. This is especially evident in the SSA school rejection of the labour theory of value, which they attribute to Marx, and their focus on a power-theoretical analysis of the price (rather than value) of labour power. The same approach also seems to reduce SSAs to the material condensation of class compromises. In neither case does it take account of objective, material reproduction requirements of the kind stressed in RA reproduction schemas. Norton criticized the American radicals on similar grounds, arguing that they posit abstract, pre-given interests and use formal models of power relations. Bowles and his co-authors rejected this argument. They claimed always to specify interests in the framework and institutional logic of a given SSA and denied using a pure, universal analytic of power (1988).

This is correct but shifts the problem to the connection between specific institutional complexes and the more abstract categories of the capital relation. In addition, they have certainly been interested in problems of proportionality in the relations between different departments (for example, the capital goods and consumption goods sectors) in their use of econometric tests of ‘profits squeeze’, underconsumption and crisis theories.

CONCLUDING REMARKS

Our analysis in this chapter has been concerned with the ontological and methodological aspects of early regulationist analyses. This is because we believe the RA’s initial import is as much methodological as substantive. Thus we have ignored the substantive differences between regulation and other heterodox approaches, the adequacy of early regulationist crisis theories (on this, see Hüblner 1989) and the internal consistency of specific schools (Davis 1978; Clarke 1988a). Instead we have tried to establish how the RA’s basic methodological features enable one to link some form of regulationist analysis of political economy with parallel theoretical enquiries into other features of the social world. Indeed, analogous studies of other areas (like the state) have major implications for a regulationist analysis of capitalism in turn.

We therefore end our first encounter with regulationism by concluding that, despite its theoretical and methodological problems and its inconsistencies within and across its different schools, the basic research agenda in early regulationist work was (and remains) worthwhile. Its ultimate aim is to produce concrete analysis of concrete conjunctures through a rich and complex range of economic and political concepts directly related to the
core features of capitalism. Some analyses may have short-circuited the analytical method implied in the overall research agenda but this should not condemn the general approach. It merely points to the dangers of applying it too hastily and/or unthinkingly (cf. Boyer 1990a: 34). Such analytical short-circuiting was generally avoided through the use of intermediate concepts such as modes of growth and international regimes for economic analysis, forms of state for political analysis, modes of regulation and historical blocs for societal analysis, and a broad recognition of the general role of culture in all these respects.

This suggests the need for a synthesis of regulationist, state-theoretical and discourse-analytic concepts. All three approaches work with realist ontological and epistemological premises; they have each produced concepts to describe not only the underlying causal mechanisms, powers, liabilities, tendencies and counter tendencies in their respective fields; and they have also produced concepts on a middle range, institutional level to facilitate detailed conjunctural analyses. The RA and state theory have also been concerned with stages and phases of capitalist development rather than with abstract laws of motion and tendencies operating at the level of capital in general and/or the general form of the state. But the three approaches differ in their emphases on different institutional clusters in the process of societalization. The RA stresses the successful development and institutionalization of a mode of regulation whose principal features are defined in terms of their contribution to maintaining the capital relation. State theory is more concerned with the state’s central role as a factor of social cohesion in class-divided societies more generally and is more inclined towards political discourse analysis, strongly influenced by Gramsci’s work on hegemony, emphasizes political, intellectual and moral leadership. In short, while all three approaches concern societalization, they tend to prioritize economic, political and ideological factors, respectively. In later chapters and our next volume we will show how a cultural political economy provides the means to overcome such one-sidedness.

NOTES

1. Bellet notes a double inflexion in the Parisian approach from the 1970s to 1980s: (a) from structural forms as complex social relations organized in institutions to direct concern with institutions; and (b) from the wage relation as the key to the valorization of capital through its capacity to produce surplus-value to concern with changing forms of institutionalized negotiation between capital and labour over the allocation of revenues (1988: 16; cf. Duménil and Lévy 1993: 140–42). This distancing from more basic Marxist notions is confirmed and approved by Boyer as providing a set of intermediate concepts that can be combined with various theoretical approaches (1990a: 33–6).

2. Boyer dismisses the Boccara school as identical to the ‘state monopoly capitalism school’ (1990a: 12, 16, 48), pays some back-handed compliments to the grenoblois (15–17, 47) and then presents his own school (passim).

3. The Marxist inheritance is sometimes minimized in histories of the Parisian school. For example, Boyer presents it as the heir of Marx ‘dead but not buried’ (1990a: 11), describes the RA as an elaboration of Marxist intuitions that draws on the hierarchy of Marxist concepts (ibid.: 11, 31, 33–4), claims that it derived its core concepts from a critical appraisal of Marxian theory (2001a: 82), acknowledges the Althusserian associations of the Parisian RA (1990b: 32–3) and suggests that it also shares its ambition to be ‘global and systemic’ whilst avoiding errors relating to methodological approximations and inadequate empirical hypotheses’ (2001a: 82). But he also concedes only a positive Marxist concern with long-term evolution and dismisses the ‘grandiose, erroneous dynamic piously admired by Marx’s successors’ (2002c: 17; cf. 2004b: 210, 220). More generally, despite a resurgence of favourable references to Marx in his more recent work, Boyer never engages in systematic dialogue or serious citation of his work. His discussion of Marx is always general and typically in the form of passing remarks. Conversely, he engages critically with classical, neo-classical and contemporary heterodox work and seeks to integrate other economic approaches (for example, Keynesian, Kaleckian, Polanyian, Schumpeterian, conventions theory) into the RA and to build bridges to disciplines outside economics (see especially 2001a, 2002c). He aims for ‘a new theoretical framework that would combine a critique of Marxist orthodoxy and an extension of Kaleckian and Keynesian macroeconomic ideas, in order to rejuvenate a variant of early institutional or historical theory’ (1988b: 70). Indeed, his approach can be considered the most eclectic (in a non-pejorative sense) of the three leading Parisian theorists as well as the most open to the influence of other social sciences (see especially 2004b). In contrast, Lipietz emphasizes the Marxist filiation in his own work (1993a, 1995b) and Nadel’s general discussion highlights the close – but increasingly implicit – link between regulationism and non-dogmatic Marxism, especially its analyses of accumulation (2002). Vidal recognizes the dialectical and historical materialist moment in the Parisian school after a ‘pre-regulation period’ and before the school’s stabilization as a distinctive variant of historical and institutional economics (2001). These interpretations reflect the different positions and trajectories of some key figures in the school. Aglietta’s initial work had strong affiliations with the French communist theory of state monopoly capitalism and its analysis of overaccumulation and devalorization; but it was also developed in dialogue with the structural Marxism of Louis Althusser. Aglietta’s interests have since diverged strongly from the mainstream RA and the postface to the third edition of his pioneer text so completely distances his current approach from that work as to be almost dismissive of its analysis (2000a). His work on money and financial regimes is nonetheless important in its own right and continues to influence regulationist work. Lipietz initially had strong ties to the Fourth International and flirted with Maoism, nonetheless important in its own right and continues to influence regulationist work. And for long remained the most strongly attached to orthodox Marxist concepts (albeit not to the exclusion of other concepts and approaches). But his political position has changed in several stages from revolutionary socialism to political ecology and public office in the French Green movement.

4. Boyer alone cites, only half-approvingly, Marx’s own inadequate précis of his approach in the 1859 Preface (Boyer 1990a: 32: on its inadequacy, see, for example, Prinz 1969). Regulationists also typically neglect Marx’s Grundrisse (1973), a more obviously Hegelian text than Capital, as a source of theoretical inspiration. The exception is de Bernis, who cites it on capitalism’s inherent tendency to create the world market (for example, 1984: 114).


6. Two qualifications are needed. First, the Parisian school had a ‘pre-regulationist’ period before developing its distinctive ensemble of regulationist concepts. This essentially concerned the crisis of macroeconomics, partly in terms of the complexities of the wage relation and variations in class conflict and compromise (Vidal 2001: 14–22). Second,
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while the American radical approach is broadly Marxist and acknowledges the role of ‘historical materialism, exploitation and surplus, and economic crisis’ (Kotz et al., 1994a: 3), it rejected several key tenets of orthodox Marxist economics (for example, the labour theory of value, the organic composition of capital and the rate of exploitation) and related Marxist attempts to derive fundamental ‘laws of motion’ of capitalism (such as the TRPF). It prefers to work with price-theoretical rather than value-theoretical concepts (cf. Bowles and Edwards 1986: 10, 14n). For further discussion, see below.

Sometimes the names come from the schools themselves, sometimes they are chosen for convenience.

The principal exception was the commissioning of Lars Mjöset by the Irish Economic and Social Council to compare Eire as a small open economy with others and draw some policy implications. See Mjöset (1992).

This journal also publishes non-grenoblois regulationist work.

Definitions of extensive and intensive regimes vary. Aglietta (1979) defined them in terms of the relative dominance of absolute and relative surplus value respectively; for telling criticisms of this version, see Davis 1976 and Breiner and Orléan (1982). This idea has resurfaced in Parisian ideas on how institutional hierarchies change with different stages in capitalism (see Chapter 7).

The concept of relative autonomy is problematic as the apparently contradictory juxtaposition of relative and autonomy suggests. While Althusser and Balibar did not fully explore its meaning, other Althusserian scholars attempted to do so for specific regions. Pouliantzas studied the relative autonomy of the state (1973); Macherey explored the relative autonomy of the ideological in relation to literature and literary criticism (1978); Pécheux explored language, semantics, and ideology (1982); and Rancière wrote on history and historiography (1989). But none studied the logic of the capital relation and the value form (see also Resch 1992). For a critique and reformulation, see Jessop (1990b: 79–104).


This approach is reminiscent of the grenoblois account, which emphasizes the articulation of the laws of accumulation and competition (Drugman 1984: 31, 45).

This path continued so far that some asked whether Aglietta was still a regulationist (Hübner 1989: 76–8; Boyer 1986a: 33). His work nonetheless appeared in Boyer and Saillard’s ‘state of the art’ book, he continued to write with Boyer, and his work appears regularly in the Année de la Régulation.

Lipietz argues that the CEPREMAP–Cordes studies mark an advance on Aglietta because they explicitly identified different modes of regulation rather than simply positing the importance of regulation (1978b).

The best regulationist work on the money form is Aglietta’s. See Aglietta (1986). Aglietta and Orléan (1982: 86, 1990a: 19) and, for a commentary, Grabl (2000). In general, RA work on money adopts the Marxist view that money is the quintessential form of capital (de Brunhoff 1976, 1978; the post-Keynesian view that money is the most liquid asset, or some combination of the two (Guttmann 2002: 57).

As a long wave (rather than a long cycle) account of capitalist dynamics, the RA treats the process of state of growth’ as discontinuous, creatively destructive and mediated through class conflict and/or institutional change. Long cycle theories regard transitions as having a single causal mechanism (or set of mechanisms) that is identical across succeeding cycles. Long wave theories do not seek to identify a single causal mechanism that explains both the dynamic of individual long waves and the transition between them. Thus they emphasize the rapturial, discontinuous form of economic reproduction – régulation and search for the conditions leading to each long wave in chance historical discoveries – at the risk, according to Noël (1987) of ‘randomizing history’. This implies a spiral rather than cyclical development, excluding any return to a previous institutional configuration (Boyer 2000b: 316).

Reference to class struggle and competition recalls GRRREC’s two laws, Aglietta on the rapport salarial and rapports inter-capitalistes and similar French ideas.
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32. Kotz argues that the regulation of class conflict and competition are the key problems for all dimensions of the SSA (1994: 69).

33. This term is distinct from the more familiar notions of repressive and ideological apparatuses because it emphasizes the active inclusion of the masses.

34. Hirsch defined ‘hegemonial structure’ as ‘the historically specific connection between an accumulation regime and a mode of regulation that, together, can secure the long run economic (valorization) and political–ideological (legitimation, force, and consensus) conditions for the reproduction of the total system under the dominance of the ruling class despite the conflictual character of capitalist social relations’ (Häusler and Hirsch 1987: 653, 1989; Hirsch and Roth 1986: 38–9; Hirsch 1983a: 163).

35. This was later published as Schor and Bowles 1987.

36. Boyer described the RA method in his early foundational text as follows: (1) periodize institutional forms in terms of key-dates and different phases; (2) determine the implicit logic of these forms, perhaps using econometric tests for different periods; (3) see if the partial logics add to an overall logic, using macroeconomic models; and (4) investigate their long-term dynamics, examining intrinsic tendencies, modelling different regimes and different structural crises (1990a: 60–65). He has quite consistently repeated the same basic method in his latest foundational text but identifying six steps. He has divided the second step into two (explication of the implicit logic versus testing its scope and validity); and added a sixth step, implicit from the beginning, namely, analyse the process of exit from the crisis (2004b: 23–6). The most significant innovation in this list is the stronger and more explicit emphasis in the sixth step on concern with strategies, representations (which we prefer to call imaginaries), and the importance of politics in the juridical codification of new institutional forms (2004b: 25–6; see also Chapter 7).

37. The ‘labour theory of value’ argues that the value of a commodity produced in the CMP is set by the socially necessary labour time required for its production and also treats labour power like any other commodity. This implies that the value of labour power will be set by the value of the commodities required for its social reproduction. However, as Marx himself argued, labour power is a fictitious commodity. Thus, despite occasional references to the value of labour power as a commodity, he is much more committed to developing a ‘value theory of labour’, that is, a theory that considers the implications of treating labour power as if it were a commodity (on the distinction between these two accounts of labour power, see Elson 1979; see also Lebowitz 1991). The latter analysis is also far more fruitful. It is the approach of the majority of regulationists interested in the wage relation and the wage-labour nexus and has also enabled a rapprochement with recent neo-classical work that has discovered that the labour contract does not involve an equivalent exchange of wages for marginal productivity but an incomplete contract involving the purchase of the worker’s capacity to labour (cf. Coriat 1994; Chapter 10).

2. Fordism and post-Fordism

The language of Fordism and post-Fordism played a major role in lay discussions about social and economic changes in advanced capitalist societies from the 1970s to 1990s. As it spread more widely, however, this language was vulgarized. This reduced its utility for theoretical understanding and empirical analysis and generated many confusions and controversies. This chapter criticizes and reformulates the conventional terminology of Fordism and post-Fordism in order to enhance its usefulness in the critique of political economy. We make the best case possible for both sets of concepts before criticizing them. In doing so we distinguish four levels on which relevant phenomena have been analysed and contrast their structural and strategic moments. We also identify a fundamental asymmetry between Fordism and post-Fordism as analytical tools and call for more cautious and critical use of terms such as ‘post-Fordism’. The owl of Minerva, Hegel once noted, takes flight at dusk. When the original version of this little-changed chapter was published in 1992, scholars were well placed to understand Fordism but the future remained open because we were still living through a period of experimentation rather than in a consolidated post-Fordism. Thus our arguments below are best read as a second-generation analysis that still serves its main purpose in clarifying what is at stake in discussing Fordism and identifying the problems involved then (and now) in forecasting the nature of a stable post-Fordist order. We return to the latter issue in Chapter 11, which builds on these arguments and additional criticisms of the main regulationist approaches to present a third-generation account of post-Fordism.

THE FOUR LEVELS OF FORDISM

Taylorism, time-and-motion study and scientific management were already familiar notions at the turn of the nineteenth century (Coriat 1979; Montmollin and Pastré 1984; Doray 1988). The idea of Fordism was popularized in the USA by Henry Ford himself and was already part of social scientific and popular consciousness in North America and Europe in the 1920s. This is reflected in Gramsci’s proto-regulationist analysis of
Americanism and Fordism (Chapter 12). Even in the interwar period, however, Fordism had different meanings and these have since become disturbingly diverse. It can refer in narrow terms to the employment of semi-skilled labour on a moving assembly line or broadly to the American way of life based on mass production, mass consumption and mass media. It can be used to distinguish Fordism from Taylorism in the labour process or Fordism from Sloanism in corporate structure and strategy. So we must specify what Fordism means in any given context. Even a cursory review indicates at least four different levels of analysis: the labour process, the regime of accumulation, its modes of regulation and societalization.

1 As a distinct type of capitalist labour process, Fordism refers to a particular pattern of the technical and social division of labour involved in making long runs of standardized goods. Fordist ‘mass production’ is typically based on a technical division of labour that is organized along Taylorist lines, subject in its immediate production phase to mechanical pacing by moving assembly line techniques, and organized overall on the supply-driven principle that production must be unbroken and in long runs to secure economies of scale. The assembly line itself mainly exploits the semi-skilled labour of the ‘mass worker’ but other types of worker (craft or unskilled manual workers, foremen, engineers, designers and so on) are employed elsewhere. In addition, Fordism ideally involves the same firm’s systematic control of all stages of accumulation from producing raw materials through to marketing (Sieg 1988: 5).

This complex technical division of labour is sometimes related to a complex regional division within or across national economic spaces: in late Fordism, for example, one might find ‘engineering and conception in region I, skilled production in region II, unskilled production in region III’ (Lipietz 1982: 37). The dominance of mass production in a given enterprise or sector does not exclude other labour processes or types of worker. Instead it subjects them to its own logic. For, by virtue of its impact on productivity and productivity growth, mass production becomes the main source of dynamism in a firm or sector; and other processes and activities will be organized to support, enhance or complement it. This level of analysis is basically microeconomic and is often considered without reference to the macroeconomic.

2 As an accumulation regime, that is, a macroeconomic regime compatible with continued expansion, the ideal—typical form of Fordism involves a virtuous circle based on mass production and mass consumption. Many studies assume that Fordism and its reproduction are autocratic, that is, that the circuit of capital is primarily confined in national boundaries. On these assumptions, Fordism’s virtuous circle involves rising productivity based on economies of scale in mass production, rising incomes linked to productivity, increased mass demand due to rising wages, increased profits based on full utilization of capacity, increased investment in improved mass production equipment and techniques, and a further rise in productivity. The apparent harmony among the steps in this virtuous circle does not guarantee its realization. Thus some analysts note how various margins of flexibility and/or ‘built-in stabilizers’ are needed to keep the circle virtuous despite inevitable tendencies towards instabilities and disproportions (for example, Boyer and Coriat 1987). Others note that these virtues themselves require at least two key proportionality to be met. First, investment in capital goods and mechanization must be matched by increasing productivity; otherwise profits would tend to fall because ratio of fixed to circulating capital (the technical composition of capital) will increase. And, second, wage-earner consumption must also grow in line with productivity, enabling systematic returns to scale and avoiding the twin risks of a crisis of underconsumption and a wage-induced profits squeeze (see, in Marxist terms, Lipietz 1986a, 1987a, 1988; and, in more institutionalist terms, Aglietta 2000a: 407–8; Boyer 2000b: 280; Juillard 2002: 155).

Not every firm or branch of production must be dominated by Fordist techniques to realize this mode of growth as long as the leading sectors are Fordist. Indeed, if mass production is to find a mass market, matching growth in output must occur in other types of goods (such as steel, oil, roads, family housing and electricity) and services (such as retailing, consumer credit and servicing consumer durables). Thus some authors note the dominance of an ‘auto-industrial complex’ under Fordism to highlight how other production sectors complement mass production in the vehicle sector (for example, Perez 1983: 369). Even with such refinements, however, work on this accumulation regime is firmly rooted in economic analysis. To consider its institutional and organizational supports we move to a third analytic level that is more concrete and complex.

3 Fordism can also be examined as a mode of regulation, that is, as an ensemble of norms, institutions, organizational forms, social networks and patterns of conduct that sustain and ‘guide’ the Fordist accumulation regime and promote compatibility among the decentralized decisions of economic agents despite the conflictual character of capitalist social relations (Lipietz 1988). Fordism can be specified through the forms assumed by different moments in the circuit of capital, the ways in which these forms get reproduced, and their articulation with each other. Thus one could explore the distinctive features of the Fordist wage relation (the skill profile of the collective labourer, the organization of labour markets and wage-effort bargaining, the nature of the wage form and the balance between the private and collective reproduction of labour power); the Fordist enterprise (its internal organization, the source of profits of enterprise, forms of
Fordism and post-Fordism

competition, other ties among enterprises, links to banking capital; the nature of money (its dominant form and emission, the banking and credit system, how money capital is allocated to production, the relation between the national money and international currencies); the nature of commercial capital (especially in mass consumption and distribution); and the links between the circuit of capital and the state (the forms of state intervention in different moments of the circuit of capital). This third level of analysis entails a mesoeconomic, institutionally-focused analysis of the circuit of capital. It links the labour process to basic features of macroeconomic reproduction and must be defined for each moment in Fordism.

The wage relation is organized around the key role of semi-skilled labour in large plants or firms; management recognizes unions for collective bargaining, unions concede management’s right to organize production and define corporate strategy; wages are indexed to productivity growth and prices and are downwardly sticky despite fluctuations in demand for labour; minimum wage legislation and/or connective bargaining (which links wage increases in some sectors to a reference wage, often in the automobile or other leading Fordist sector) spread rising wages to employees in non-Fordist sectors and thereby maintain relativities and demand; and indexed welfare benefits financed from progressive taxation generalize mass consumption norms to the economically inactive. Even in a largely autocentric Fordist regime, this pattern is compatible with dual labour markets and/or non-unionized firms or sectors – provided there is adequate social demand for mass produced goods.

The ideal–typical Fordist enterprise is a big firm in which ownership and control are separated. It has a distinctive multidivisional, decentralized, market-oriented organization overseen by a central board that engages in long-range planning. This pattern was developed at General Motors under Alfred Sloan rather than at Ford Motors – hence its designation as ‘Sloanism’. Sloan ‘extended control of production from the factory through his distributors and dealers to the consumer himself’ toward the ideal that literally no automobile would be built unless a customer had already agreed to buy it’ (Beniger 1986: 311). Sloanism became the model for other large industrial enterprises in the USA in the 1920s and 1930s. Elsewhere mass production was often coupled with trusts and cartels. The main sources of profits of enterprise in Fordism are continual improvements in productivity and scale economies. Firms at the forefront of Fordist process and product innovation can also earn ‘technological rents’, that is, a surplus profit based on the resulting higher productivity that will last until the innovation(s) become standard practice. In both cases the main form of capitalist competition is monopolistic rather than liberal. Rather than participating in a flexiprice system in which prices vary with demand, firms engage in cost-plus pricing, price leadership behaviour and competition through advertising.

Money is fiduciary and national rather than an international commodity money; private credit is supplied by a hierarchically organized banking system that is overseen by a central bank that manages credit relations in the light of the changing economic conjuncture (contrast the operation of the gold standard); corporate expansion depends on access to private credit as well as reinvestment of the profits of enterprise; consumer credit is a major factor in households’ ability to purchase housing and major consumer durables and thus sustain demand; and state credit policies are aimed at aggregate demand and full employment. The dominance of this monetary regime led to stagflationary tendencies that enabled economic actors and the state to avoid the massive destruction of capital and jobs that had occurred in the Great Depression, but did so at the expense of economic redistribution in favour of real assets (especially when financed on credit) as opposed to financial assets and, eventually, a general destabilization of the monetary regime itself.

Commercial capital has a key role in organizing mass consumption. Because mass production of standardized goods is oriented to an anonymous and homogeneous public rather than specific customers or clearly defined markets, specific channels and feedback links must be established between mass producers and mass demand. These are organized through mass advertising, mass retailing (multibranch retailing, supermarkets and mail order), mass credit (hire purchase, mortgage finance), consumer research and so on. The mass media serve to diffuse mass consumption norms (Beniger 1986). Marketing also needs feedback into design (even at the cost of strict pursuit of the logic of mechanized mass production) to encourage marginal product differentiation, annual style changes and so on. Thus design is vital in linking mass production and mass consumption (Sparke 1986: xxi).

The Fordist state has a Keynesian welfare orientation with two key functions in promoting the virtuous circle of Fordism. It manages aggregate demand so that the relatively rigid, capital-intensive investments of Fordist firms are worked close to capacity and firms have enough confidence to undertake extended and expensive R&D as well as the heavy capital investment involved in complex mass production; and it generalizes mass consumption norms so that most citizens can share in the prosperity generated by rising economies of scale. Where the latter function involves only limited state provision for collective consumption, the state should ensure adequate levels of demand through income transfers. The primacy of its Keynesian and welfare functions for the accumulation regime does not exclude other functions for other aspects of the social formation. Nor
does it rule out more interventionist roles in Fordism’s rise to dominance or in the crisis-ridden years of Fordist decline (Chapter 3).

Analysis of the mode of regulation is concerned with the economy in its integral sense, that is, the social context of expanded economic reproduction. It specifies the institutional and organizational conditions that secure Fordism as a national accumulation regime and is especially helpful in defining the peculiarities of different Fordist regimes. But it should not be divorced from work on the more general dynamics of capitalism (cf. Gabriel 1996). For these dynamics define the basic tendencies and countertendencies, structural contradictions, strategic dilemmas and overall constraints that inevitably shape modes of regulation, which find a provisional, partial and unstable resolution in the latter, and whose continued presence and uneven development eventually undermine any given institutional and organizational solutions. In short, while this level is distinct from Fordism as an accumulation regime, it cannot be properly understood without considering how modes of regulation modify and yet remain subject to the generic laws of capital accumulation.

4 Other analysts approach Fordism in terms of its overall social impact. They go beyond its microeconomic base, its meso-level institutional preconditions and its macroeconomic effects to explore its general repercussions on other institutional orders (such as politics or cultural life) and/or other axes of societal organization (such as its spatial patterning). Such concerns extend to the indirect effects of Fordism, such as the measures adopted to deal with its adverse effects on social cohesion and institutional integration. The recursive pursuit of these effects and their further repercussions has no inherent limits. Thus one could study the impact of growing social welfare outlays on the labour process and employment, the structure of demand, the dynamic of central–local state relations or the rise of social movements oriented to welfare issues. With these direct and indirect effects we reach the fourth level of analysis.

Considered as a generic mode of 'societalization', that is, a pattern of institutional integration and social cohesion, Fordism moves social relations further towards a mass société salariale (Aglietta and Brender 1984), Arbeitsgesellschaft (Offe 1984) or wage-earner society. Social life is more and more premised on the dependence of the vast majority of the population on an individual and/or social wage to satisfy their needs from cradle to grave. This contrasts with the pre-Fordist period when workers were involved in capitalism primarily as producers and their consumption needs were mainly met through petty commodity and/or subsistence channels. Fordism itself promotes two complementary trends in consumption: first, growing private consumption of standardized, mass-produced commodities in nuclear family households and, second, provision of standardized, collective goods and services by a bureaucratic state. The first trend is tied to the strategic marketing of 'ideological commodities' (such as cars, televisions, washing machines, refrigerators or mass tourism) whose individualized consumption becomes a mechanism of permanent self-normalization as consumers adopt the 'American way of life' (Haug 1986; Lüscher 1988; Wolf 1987). The second trend reflects the growing socialization of the social reproduction of labour power as well as efforts to manage the individual and social costs of the Fordist model.

Thus, in addition to the state’s role in such activities as general education and vocational training, unemployment and retirement insurance, health care or housing provision, it often deals with such side-effects of Fordism (or Fordist forms of modernization) as drastic falls in the rural population, destruction of traditional working class milieux, the privatization of family life, the depopulation of inner cities, or the environmental and social impact of the motor car. One major effect of Fordism was to expand the local state as the vehicle for socializing consumption, coping with the side-effects of the Fordist mode of growth, and managing its local crises – regardless of whether local accumulation itself was mainly Fordist or not. Closely related to this was growth of the new middle classes (including state employees) who serve Fordist expansion or deal with some of its social repercussions. In turn this growth prompted crisis to the extent that such services were less amenable to productivity-boosting Fordist techniques. Another dimension of societalization is its spatial patterning. Indeed Scott referred to geographical outcomes that are ‘proper to each regime of accumulation’ (1988a: 171).

Fordism saw the growth of core industrial regions based on metropolitan areas surrounded by networks of smaller industrial cities. These regions were dominated by the leading Fordist firms and their suppliers; drew in raw materials and, on a growing scale, migrant or foreign labour, from the rest of the world; and churned out mass-produced goods for global markets (Harvey 1989b: 132; Storper and Scott 1988: 10). As the Fordist regime developed, firms allocated activities, sourced supplies and sought markets on an increasingly global scale. Perhaps the ultimate expression of this was the concept of the ‘world car’, a car designed to have global appeal and produced through a global division of labour. Urban life was also closely related to the organization of Fordist production. Thus Fordism was linked to suburbanization (especially in the USA) and high-density urban renewal based on industrial construction techniques (especially in Europe) (Florida and Feldman 1988; Harvey 1989a, 1989b). There was also a Fordist ‘politics of place’ centred on ‘a consumerist representation of urban life as manifest in ideals about the nuclear family, suburban residence, and private car ownership’ (Storper and Scott 1988: 30). Somewhat further removed from
Fordism’s economic logic are forms of political life. State intervention was reorganized to facilitate the Fordist mode of regulation through economic and social programming and increased administrative discretion as well as through an expanding role for the local state in collective consumption and social welfare. Forms of representation and the social bases of the state were also modified. Thus trade unions and business associations had a key role in economic management and political bargaining over social welfare; and, as the parties of government accepted the Fordist compromise between capital and labour, they tended to become ‘catchall’, people’s parties. This was also linked with state concern to produce relatively even distribution of economic growth and to reduce economic and social inequalities within the national territory. In north-west Europe this pattern was closely linked to the dominance of social democratic or labour parties but similar policies were pursued elsewhere by regimes with more conservative governing parties (Hirsch and Roth 1986; Roobeek 1987).

Overall, Fordism has been linked to continuing commodification, bureaucratization, social homogenization and individualization. This is reflected not only in economic and political life but also in the cultural sphere. Indeed, since mass production meant standardization of products as well as mass consumption, it was associated with a whole new aesthetic and a commodification of culture. This produced a triumphant ‘high modernism’ in art, architecture, literature and design as they came to express ‘a corporate capitalist version of the Enlightenment project of development for progress and human emancipation’ (Harvey 1989b: 35, 135–6).

We have not yet questioned the common assumption that the Fordist accumulation regime is essentially autocentric. Small, open economies (such as Denmark, Sweden, Austria or Canada) actually moved towards a mass consumption society by occupying growing non-Fordist niches in an emerging supranational productive system (on the Nordic models in this regard, see Mjøset 2002: 255–6). Under global Fordism, then, not all economies had to be Fordist in all respects. Rather, in a global division of labour with a dynamic dominated by the leading Fordist sectors in the leading economies, economic success could occur in at least two ways. First, national economies could assume a mainly Fordist dynamic, with growth largely based on an expanding home market; or, second, they could occupy one or more niches that generate rising standards of mass consumption based on growing export demand and profits in non-Fordist sectors (small batch capital goods, luxury consumer goods, agricultural goods, shipping or financial services and/or raw materials). Where an economy is not itself primarily Fordist, however, its mode of growth must complement the dominant Fordist logic. It can thereby still be involved in the Fordist growth dynamic rather than being (increasingly) excluded from it (on the case of East Asian exportism, see Chapter 5).

STRUCTURE AND STRATEGY IN THE ANALYSIS OF FORDISM

The structural moment of Fordism concerns the actual organization of a given level; the strategic moment concerns the strategic perspectives and discourses that are currently dominant on that level. The principal structural features and dominant strategic perspectives are often incongruent. Structure is the legacy of a complex historical process and often embodies major structural contradictions; strategy could well be short-term or ephemeral and involve irrational means and objectives. Indeed, structures rarely have a simple, unequivocal relation to a single strategy and they often probe recalcitrant in the short-term to attempts to recompose them. Conversely, even when strategies are long-term and organic, they may not yet have been embedded in structures or have led to the creation of new ‘worlds of work’ in practical consciousness. New ‘technological styles’ (Perez 1983), ‘new production concepts’ (Kern and Schumann 1984, 1987; Campbell 1989; Gahan 1991; Hudson 1994), ‘visions of efficient production’ (Piore and Sabel 1984), ‘production strategies and paradigms’ (Badham and Mathews 1989), new ‘productive systems’ or ‘productive models’ (Boyer and Durand 1997; Boyer and Freyssenet 2002), and so forth, usually emerge ahead of their time and become hegemonic and embedded in common sense practices only through complex practices. The same holds for accumulation regimes and modes of regulation. In addition, many strategies are ‘irrational, arbitrary and willed’ and will fail if they remain unmodified.

These points emerge from research on Fordism. Kristensen has eloquently described the contrast between the successful but ‘concealed organization’ of the Danish labour process, accumulation regime and mode of regulation and the prevalence of Taylorist and Fordist strategic perspectives among Danish managers and production engineers. The latter’s plans were almost invariably undermined by the strength of craft workers who opposed these views and by the vitality of the small-scale, flexible local production networks and/or the flexibly specialized niche markets in which Danish firms operated (Kristensen 1990). This led to the happy paradox that, once the fashion for Fordism faded and flexible production à la Third Italy had displaced it as the leading paradigm, Denmark was seen to be in the vanguard rather than a Fordist laggard. A less happy outcome occurred under the modernization plans of the UK’s nationalized steel, coal and car industries in the 1970s. For planners based their strategic plans on a
dogmatic commitment to ‘the Western model of mass production’ (that is to say, Fordism) and a firm belief that modernization along these lines would give ‘a productive opportunity to move down a long run average cost curve by embracing large-scale capital investment techniques’ (Williams et al., 1986: 171). But they overestimated likely returns to scale and ignored the problem of product range and markets. Thus ‘ritual modernization’ produced overcapacity in large-scale plants and failed to boost productivity significantly (ibid.: 185, 190). An example of relatively successful Fordist modernization occurred in France under the aegis of a centralized state and was eventually accepted as legitimate by other forces in the 1960s (Petit 1984; Jenson 1990a). Indeed, as Elam and Börjeson argue, ‘Rather than being a straightforward reflection of the pervasive diffusion of the new technological paradigm of “flexible specialization” or “flexible automation”, the new hegemonic language of reform is playing an important constitutive role in the restructuring process; inscribing the imperatives of post-Fordist capitalist production in the Swedish context’ (1991: 35; cf. 1990; see also Gee et al., 1996; Clarke 1991).

Thus, in talking about the Fordist era, we must take care not only to distinguish different levels of Fordism but also to establish whether it became structurally embedded at each level or existed more in strategic imagination. Indeed Fordist strategic visions often gave relative coherence and direction to what might otherwise have remained rather inchoate and disconnected economic, political and social changes. But this makes it harder to disentangle Fordist myth from Fordist reality. Thus we must establish whether the Fordist era really involved the predominance of Fordist structures or was merely marked by the hegemony or dominance of Fordist strategies. This is a crucial area for the development of cultural political economy with its interest in the role of semiotic as well as material mechanisms in the selection and retention of alternative accumulation strategies, state projects and hegemonic visions (Jessop 2004a).

Fordist concepts were often hegemonic even when the organization and the dynamic of national economies were less clearly Fordist. The history of many national economies before and after the Second World War could be written in terms of successive attempts to impose Fordist principles on non-Fordist economies. This led to some interesting hybrid national economies that are now in very different positions to exploit post-Fordist opportunities (on the importance of hybridity in the RA, see Boyer 1998). The vitality of the ‘Third Italy’ is often cited here – although both its reality and relevance are also contested (for useful critiques, see Benko and Dunford 1991; Amin 1999, Paniccia 2002; Belussi et al., 2003). Other general questions can be posed about the heuristic value of debates about (post-)Fordism and one could easily get bogged down in taxonomic discussion. While this might clarify some disputes over Fordism and post-Fordism, however, it would not advance our understanding of the dynamics of postwar growth, the origins or nature of the crises that emerged in the mid-to-late 1960s or the way out of the crisis. For this we must consider causal mechanisms and connections.

PROBLEMS WITH THE CONCEPT OF FORDISM

We now critique the concept of Fordism along the four dimensions that we have just discussed and add some comments on problems of periodization and the relationship between structure and strategy in regulationist work on these issues. We present our criticisms in the same order as our reconstruction of the different moments of Fordism.

The Labour Process

Fordism à la Henry Ford was not widely diffused and was never fully realized even in Ford’s own plants in North America – let alone those in Europe. Indeed, two common criticisms are that only a small part of manufacturing output is produced in Fordist conditions and only a small proportion of the labour force works in Fordist manufacturing. Both charges hold even for Fordism’s ‘golden years’. In part, this reflects basic technical limits of assembly line techniques for automated and continuous flow processes, jobbing or small batch production, or even potentially high-volume goods whose composition and level of demand are too varied to justify using product-specific techniques. Thus Fordism’s potential in a given economy depends on its sectoral and product profile. This is certainly not to argue that every economy develops the technically optimal labour process profile to match its industrial specialization. Whether and how new technologies are introduced is not solely determined by technical considerations, but a failure to adopt Fordist techniques where they are technically most appropriate could lead to competitive disadvantages. For some products are certainly best made by mass production methods. Thus, while Williams et al., stress the impossibility of ‘a real national economy where all production is undertaken on a mass production basis’, they also note that, in areas such as complex consumer durables that sell on price, Fordist mass production had ‘an overwhelming advantage over the craft methods of production ... used hitherto’ (1987: 407, 420). This superiority does not exclude other methods being adopted, of course, but it does imply that non-Fordist producers will need protecting from the full force of competition to survive. This suggests that, before judging the utility of
used to produce both rich descriptions and to generate dynamic propositions or explanations. Instead we need a multivalued typology that can be ‘after Ford’ (Huxley 1932) or the dichotomy between ‘flexible specialization’ and ‘mass production’. We do need to go beyond a simple conflict in the firm and/or the course of accumulation. We do need to go beyond a simple Fordist labour process as the production of standardized goods or services through a Taylorized technical division of labour, the use of dedicated machinery and a focus on economies of scale, for example. Fordism occurs in sectors ranging from battery farming to tax collection, mass retailing to mass incineration, multiple choice testing for the mind to mass screening for the body, fast food to mass transit (on US agriculture, see Kenney et al., 1988, 1989; on agriculture in general, Kamppeter 1986; on office work, Beniger 1986: 432). Indeed, many of the strategies associated with Fordism originated outside production proper before penetrating the latter. Remember, too, that it was the ‘disassembly line’ for animal slaughter and butchery that inspired Ford to introduce Fordist mass production. Descriptively this does no harm as long as each definition is relatively precise and definitions are clearly distinguished. For labour market institutions and social traditions could well prevent or block penetration of Fordism even for that ‘classic’ Fordist sector – cars. Several studies show how Fordist mass production has been blocked by such factors as skill structure, managerial capacities, market size, labour market conditions and union organization (for example, Altshuler et al., 1984; Boyer and Durand 1997; Marsden et al., 1985; Tolliday and Zeitlin 1986). Ford plants in Britain were slow to develop Fordism, for example, because of inadequate management, craft traditions, the limited markets for cars and union resistance (Tolliday 1986). There is also wide variation in the organization of the automobile sector in Western Europe, Japan and the USA (cf. Durand 1997; Boyer et al., 1998).

We might also ask whether studies of the Fordist labour process have been too concerned with manufacturing or, indeed, just with mass consumer durables or cars and trucks alone. For this diverts attention from the growth generated since 1945 by other sectors (such as aerospace, petrochemicals or synthetic materials) and biases studies of mass production itself towards some, possibly atypical, manufacturing sectors. A less restrictive definition of Fordist mass production helps us find it elsewhere. Defined as the production of standardized goods or services through a Taylorized technical division of labour, the use of dedicated machinery and a focus on economies of scale, for example, Fordism occurs in sectors ranging from battery farming to tax collection, mass retailing to mass incineration, multiple choice testing for the mind to mass screening for the body, fast food to mass transit (on US agriculture, see Kenney et al., 1988, 1989; on agriculture in general, Kamppeter 1986; on office work, Beniger 1986: 432). Indeed, many of the strategies associated with Fordism originated outside production proper before penetrating the latter. Remember, too, that it was the ‘disassembly line’ for animal slaughter and butchery that inspired Ford to introduce Fordist mass production. Descriptively this does no harm as long as each definition is relatively precise and definitions are clearly distinguished. But problems occur in causal explanation because chains of argument and/or causation vary according to the inclusiveness of definitions. Clarity is essential here. For each definition, given certain assumptions about the wage relation and forms of competition, one could generate arguments about the dynamics of class conflict in the firm and/or the course of accumulation. We do need to go beyond a simple Brave New World distinction between ‘before Ford’ and ‘after Ford’ (Huxley 1932) or the dichotomy between ‘flexible specialization’ and ‘mass production’. Instead we need a multivalued typology that can be used to produce both rich descriptions and to generate dynamic propositions or explanations.
Regime of Accumulation

To put the historical cart before the conceptual horse, was there ever a Fordist regime of accumulation and how one might identify it? Emphasizing the virtuous circle of mass production and mass consumption in an autocentric national economy means that few national economies could be described as Fordist. Only the American economy had the quasi-continental scope and range of resources to be virtually self-sufficient and develop something like a true Fordist accumulation regime – and even this was not exclusively Fordist either at home or in its foreign economic entanglements. The French state tried a similar strategy in response to le défi américain (the American challenge) with its threats to the coherence of the productive core of the French economy. Given that the RA originated in France with Aglietta’s work on US Fordism, this contrast between American structure and French strategy is especially interesting. More generally, autocentrism involves the spatial reach of Fordism. It might be better, then, to argue that Fordism occurs mainly on a local or regional scale in the form of Fordist industrial districts or else panregionally or supranationally in the form of Fordist circuits of capital. Fordist regional economies, pockets of flexible specialization and other local regimes can often be found inside given national boundaries. This poses problems about their role in national modes of growth (especially when, like the USA, they are quasi-continental in scope) and their insertion into the dominant mode of regulation. A further complication arises because advanced capitalist economies were significantly involved in foreign trade from the formation of Fordism through its heyday into its declining years. This holds both for small, open economies and the old European imperial powers with their residual colonial and/or emerging neocolonial dependencies. Others would add the emerging American empire here. Thus, whatever the virtues of an ideal–typical, autocentric Fordist regime, ideal and reality were often far apart.

The idea of a Fordist accumulation regime could be rescued if one agreed that its virtuous circle need not actually occur through close coupling of mass production and mass consumption within national economies but could be secured instead where a national economy has the following features. Its dynamism would be based on intensive accumulation in one or more leading sectors, rising productivity due to economies of scale and/or other sources of relative surplus value, rising wages indexed to rising productivity and profitability, a corresponding growth in mass consumption, rapid domestic expansion in the production of mass consumer goods and/or the various complementary goods and services needed to enjoy them, and, to close the circuit, sufficient export earnings to finance the import of mass consumer goods and other inputs needed to keep the virtuous circle in operation. Thus a given national economy need not itself produce complex mass consumer durables as long as it generates enough export earnings to finance their importation and has a mode of regulation that generalizes both mass consumption norms and effective demand. Even so the overall economic dynamic would differ from that in other regime types: for example, from those based on extensive accumulation and competitive regulation or intensive accumulation without mass consumption. For mass consumption would still require a supporting infrastructure and complementary service sectors and this would modify occupational and sectoral patterns.

Treating Fordist accumulation regimes in this way involves some complex theoretical manoeuvres with ambivalent implications for the conceptual utility of Fordism. Positively, it highlights the complementarities among different national accumulation regimes and avoids treating them in isolation. One can no longer assume that Fordism emerged everywhere through the simple diffusion of the US model and must pay closer attention to its different modes of regulation (see Chapter 5). It also highlights the need to examine how international regimes (or modes of international regulation) served to block further exploitation of dependent peripheries and thereby encouraged trade among the metropolitan economies. Negatively, we are led to ask whether work on Fordism involves anything more than putting old growth models into a new terminological bottle. For example, two common orthodox explanations for extended periods of growth are a shift from low productivity agriculture to high productivity manufacturing and the potentially self-reinforcing effects of rapid growth in productivity and output. It sometimes seems that these have simply been repackaged and sold (in some cases misleadingly) as Fordism.

If this explanation holds, the key to growth in mass consumption would be rising mass incomes from rapid economic growth rather than mass production. In turn this would direct attention to the general conditions of postwar economic growth. Fordism might then be brought back as an accumulation strategy or organizing myth that gives shape and coherence to economic growth. But this would be to emphasize strategic issues rather than merely describe actual growth dynamics. The origin and spread of Fordist ideas, projects and strategies are major fields of enquiry but should not be mistaken for actual modes of growth in different postwar economies. Equally important would be studies of the real driving forces behind growth – contrasting the roles of military spending, Keynesian welfare spending, and so forth.

A longer historical perspective reveals the experimental, accidental emergence of the dominant Fordist paradigm. To limit Fordism’s history to the domestic consolidation of Americanism and its diffusion would be to ignore attempts to develop alternative models of Fordism in the interwar
Fordism and post-Fordism

period. For example, Taylorist and Fordist paradigms were significant in the Soviet Union under Lenin and Stalin and in the workers’ council movement in Italy (cf. Gramsci 1971; see also Chapter 12 below); and, voiced in various productivist, technocratic and futurist projects, they also enjoyed wide cultural and political appeal in Western Europe – especially ‘where representative government was deemed to be working badly’ (Maier 1970: 29). Nazism and Fascism also gave Taylorism and Fordism a distinctive political gloss. They proposed state-sponsored ‘rationalization’ of all economic and social life as a prelude to winning mass markets elsewhere through bilateral trading agreements and/or force of arms (on the Italian transition to Fordism, see Gramsci 1971 and Chapter 12). As a resource-rich, continent-wide and still expanding economy, the US could plausibly adopt an isolationist stance and aim for autocentric growth: German and Italian policy makers felt their economies had to look abroad to secure the potential of Fordist rationalization (Siegel 1988).

European fascination with Americanism and Fordism was undermined by the Great Depression, however, reviving only after Allied victory in its turn undermined faith in block policies such as the Nazi Großraumwirtschaft (an economy that occupies a massive territory) or Japan’s ‘Asian Co-Prosperity Sphere’. This helped the US to hegemonize postwar reconstruction and assert the virtues of Fordism and the American way of life. In promoting its own model of Fordism, the US gained from its economic and military dominance. This enabled it to influence institutional reform in West Germany and Japan and establish international regimes that encouraged Fordist accumulation – most notably through installing an international oil regime that secured increasingly cheap and plentiful supplies of an energy resource essential to Fordist expansion (Bromley 1991). Thus, even accepting that the early postwar growth regime was mainly autocentric, various favourable international conditions were needed for this domestic takeoff to occur.

Mode of Regulation

The key problem here is the wide variation in the modes of regulation compatible with Fordism considered as an accumulation regime. Metropolitan Fordism developed with the most varied labour market institutions and rules for wage determination. The mass Fordist worker and mass unionism were not always pivotal for industrial relations and collective bargaining. The M-form (or Sloanist divisional company) mostly took root in Europe in the late 1960s rather than in the takeoff to Fordism (Franko 1974); and Japanese company forms are far from Sloanist (Sayer 1989; Kato and Steven 1993; Boyer and Yamada 2000; Boyer and Souyri 2001). Many European economies as well as Japan have retained a sizeable and politically significant petty bourgeoisie in the commercial sector long after a Fordist model would have seen a shift to mass retailing. Conversely mass consumption emerged in the late nineteenth century in both Britain and the United States (Beniger 1986; Tedlow 1990; but see also Tedlow and Jones 1993). In addition, metropolitan Fordism is associated with liberal, corporatist and dirigiste forms of political regime. Keynesian demand management developed rather late in most countries and was applied rather ineffectively in almost all economies. Indeed, demand management often proved pro-cyclical and its supposed benefits were often due more to the longer-term dynamics of Fordism than to Keynesianism. Likewise the timing and pattern of welfare state developments assumed very different forms across all the advanced capitalist economies.

Thus, rather than equate one particular institutional configuration with the Fordist mode of regulation, we should explore family resemblances. Common patterns include a linkage between wages and productivity; the spread of connective bargaining; monopolistic competition; the growing role of state credit in investment and consumption; state involvement in generalizing mass consumption norms to significant groups – peasants in Japan, farmers in Europe and the USA, the growing army of state employees, and welfare recipients. There was also growing strategic concern with economies of scale, productivity, planning, ‘growthmanship’ and so on, that affected social and political life as well as forms of economic activity.

Mode of Societalization

Because the starting points for Fordist expansion differed and because institutional structures are hard to transfer across societies, we can find quite different ‘national Fordisms’. But it is often unclear how far these differences are due to a generic Fordist logic working in different circumstances or to pre-existing structural differences fundamentally modifying the generic logic to produce different modes of growth. Thus we turn to another issue, namely, periodization (for a more developed account, see Chapter 11).

Periodization

Because each of the elements in Fordism has its own prehistory and many elements will survive beyond the Fordist epoch, crucial questions arise about its timing. If there is no discontinuity or rupture as the labour process, accumulation regimes, modes of regulation, modes of societalization evolve, should we talk about a Fordist epoch? Even if mass production does make a difference, it might not be the key innovation for postwar
growth. Research on long waves reveals that there have been more periods of economic expansion than implied in the simple contrast between pre-Fordist and Fordist regimes (on long waves, see Mandel 1970; Gordon 1980; Kotz et al., 1994b; Perez 1983, 2002). It also suggests that postwar growth was based as much on abundant cheap energy, petrochemicals, synthetic materials, other process industries and aircraft as on mass production of consumer durables. We could also ask whether the crucial divide in the transition to post-Fordism is the demise of the Fordist assembly line (or mass production as a whole) or the penetration of microelectronics into a growing range of economic activities (including mass production). Without satisfactory answers to such questions, discussions about Fordism and post-Fordism have little point.

Satisfactory answers cannot be found in the genesis of individual elements of Fordism (however defined) but only in discontinuities in their overall articulation. Thus we should try to identify new configurations that have gained a distinctive and emergent dynamic as a result of this articulation. Two problems arise here. First, much effort must go into tracing the long gestation of a rather short-lived phenomenon – Fordism’s heyday did not even cover the full 30-year postwar boom. Second, the takeoff into Fordist growth seems to depend on a long series of chance events with the end of the Second World War providing only a convenient but stereotypical reference point for later periodizations.

In short, serious discussion of Fordism as a distinct phase in capitalist expansion must begin with a focus on the mode of regulation. Analyses of the labour process are too limited – especially given real problems in assessing the significance of the Fordist labour process in its strict meaning. Choosing the Fordist accumulation regime is undermined by doubts about autocentrism and the virtuous circle of balanced growth rooted in mass production and mass consumption. Stressing societalization, that is, the ramifications and repercussions of Fordism on the pattern of institutional integration and social cohesion, is also problematic because there is limited agreement on how to define Fordism.

By elimination, then, we must either define it as a specific mode of regulation or reject Fordism as a relatively useless concept. Many critics support the second alternative but the first is plausible. We recommend that Fordism be defined in terms of a core mode of regulation whose minimum features comprise a wage relation in which wages are indexed to productivity growth and inflation, the state has a key role in managing demand and state policies help to generalize mass consumption norms. On this definitional basis, we can examine the crisis of Fordism in terms of changes in the circuit of capital and/or the modalities of class struggle that weaken the effectiveness of the Fordist mode of regulation as well as in terms of the distinctive dynamic of this mode of regulation itself; we can examine the attempts to maintain this mode of regulation in the face of its crises and their eventual failure; and we can examine its broader preconditions and effects in the organization of state, economy and civil society. In each case we must be sensitive to national variations in modes of growth and regulation and their changing pattern of complementarities and tensions.

THE TRANSITION TO POST-FORDISM

An adequate account of post-Fordism must treat it like Fordism – distinguishing four levels and adopting the same critical spirit. But the crisis of Fordism and the continuing search for a successor regime mean that even the generic features of post-Fordism are uncertain. The resulting asymmetry between Fordism and post-Fordism is even suggested by the simple chronological prefix. So let us be wary. If such prefixes were really informative, terms like ‘post-liberalism’ would convey much about Fordism (Haug 1988). This is clearly false. If the prefix is to convey real meaning rather than just provide a chronological marker, further arguments are needed. Otherwise we should talk about non-Fordism (on general problems of periodization, see Chapter 11).

A case for post-Fordism might be made by showing how it emerges from tendencies originating within Fordism but marks a break with it. In the absence of major discontinuities, however, it would be better to talk of high Fordism, late Fordism or neo-Fordism. Alternatively, one could indicate how the ensemble of old and new elements in post-Fordism resolves or displaces one or more of the contradictions and crises that decisively weakened Fordism. This does not imply that post-Fordism would lack its own contradictions and crisis tendencies. These can be taken for granted. But it would still make sense to ‘post’ this new regime if it somehow overcomes (or is widely held to do so) the problems typical of the Fordist era even as it generates its own problems.

There are clearly many different starting points and paths to post-Fordism and evidence is mostly contradictory, incomplete or provisional – especially for post-Fordist accumulation regimes, modes of regulation or societalization. Even asking whether the American, Japanese or German model will become hegemonic may marginalize other possibilities. These include an emergent pax trilateralis based on a complementary, tripolar global division of labour or various hybrid paradigms drawing elements
from each model and adapted to local conditions. Moreover, as it is doubtful whether West Germany or postwar Japan are best seen as Fordist, it could be misleading to treat the eventual dominance of Japanization or a recharged *Modell Deutschland* as post-Fordist. Faced with these difficulties, prudence might seem justified. But, as Marx reminds us, ‘hic Rhodus, hic salta!’ Having just spent some time looking about us, we might as well leap. Taking as our springboard the basic assumption that a post-Fordist accumulation regime will be based on the dominance of flexible production in combination with differentiated, non-standardized consumption, we will specify the various levels of post-Fordism.

1 As a labour process, post-Fordism can be defined as a flexible production process based on flexible machines or systems and an appropriately flexible workforce. Its crucial hardware is microelectronics-based information and communications technologies. These are relevant to ‘manual and non-manual work, to small, medium and large businesses, at corporate, divisional and workplace level, to managements and unions, and so on’ (Clark 1989: 6). This enables post-Fordism to spread far beyond flexible mass production of complex consumer durables in large factories. They can also be used ‘to steer, control and provide immediate feedback on a wide range of human and machine operations. ... these “real time” technologies can also effect enhanced information links and flows across space, integrating activities across departments and sites, and between individuals and organizations in different countries’ (ibid.). This would allow new or enhanced flexible specialization by small firms or producer networks even in small-batch production and, indeed, outside manufacturing, could promote flexibility in the production of many types of services in the private, public, and so-called ‘third’ sectors. Thus the scope for the post-Fordist labour process to shape the dynamic of the emerging economic system is far greater than during Fordism. In some areas post-Fordism will see a further extension of Taylorism (for example, lower-grade clerical work and some aspects of design) or its further intensification (for example, sweating manufacturing or assembly work). Bilateral convergence might also occur on diversified quality production from both mass production and handcraft production (Streeck 1987b). This suggests that there could be a polarization of skills between polyvalent skilled workers and the unskilled under a post-Fordist regime rather than the archetypal Fordist pattern of homogenization around the semi-skilled worker.

This pattern could properly be labelled post-Fordist insofar as it emerges from the Fordist labour process itself and/or is seen as responding to the crisis of Fordism. The first alternative is difficult because Fordism can lead to neo-Fordism and because post-Fordist processes are found in branches not previously organized on Fordist lines. By looking at how post-Fordism evolves in response to crises of Fordism, however, we can include process and product innovations that emerged outside any immediate Fordist context. Flexible specialization complexes that have long co-existed with Fordist mass production and seem to have won a new lease of life in both material and ideological terms could be included here; so could the key role of new technologies (such as microelectronics, biotechnology and new materials) in overcoming some of the problems of Fordist control. In seizing on these new or recharged sources of flexibility, capitalists hope to overcome the alienation and resistance of the mass worker, the declining quality of products, the relative stagnation of Taylorism and mass production, the competitive threat from low-cost ‘peripheral Fordist’ or ‘bloody Taylorist’ producers in the third world and the relative saturation of the markets for standardized mass produced goods; and/or to meet the growing demand for more differentiated products, for measures to break the rising costs of non-Fordist service sectors (especially in the public sector) and to boost productivity in other manufacturing sectors. The new technologies may also help resolve more general problems in Fordism such as its excessive use of fuel, energy and raw materials and its damage to the natural and built environment (cf. Roobeek 1987).

2 As a stable mode of macroeconomic growth, any virtuous post-Fordist circle would reflect the newly dominant labour process and changes in international economic relations. An ideal–typical post-Fordist accumulation regime would be based on flexible production, growing productivity based on economies of scope, rising incomes for polyvalent skilled workers and the service class, an increased demand for differentiated goods and services favoured by the growing discretionary element in these incomes, increased profits based on technological rents and the full utilization of flexible capacity, reinvestment in more flexible production equipment and techniques and/or new sets of products, and a further boost to economies of scope. Compared with the ideal–typical Fordist case, there is less pressure to generalize core workers’ rising incomes to other workers and/or the economically inactive. Moreover, as Fordist expansion was allegedly largely based on a growing home market and post-Fordist modes of growth will be more oriented to worldwide demand, global competition could further limit the scope for general prosperity and encourage a market-led polarization of incomes. There seem to be at least three possible solutions (as of 1991, when this chapter was first published). One is international Keynesianism to manage global demand and generalize high consumption norms together with more local supply-side policies to enhance the structural competitiveness of the productive systems engaged in the race for post-Fordist modernization. Another solution is more ‘extensive’: reintegrating the Soviet Bloc
and Communist China into a single world market to generate demand through the decomposition of the crisis-ridden relations of state socialist production and new forms of East–West trade (but see Chapter 6). A third solution is increased resort to extra-economic pressure (repression) to control the social repercussions of neo-liberal polarization and secure the resulting mix of hyper- and under-consumption at the expense of increased marginalization.

Besides its emergence from and organization around genuinely post-Fordist labour processes, this new accumulation regime could be treated as post-Fordist insofar as it resolves (or is held to do so) crisis tendencies in its Fordist predecessor. These were the relative exhaustion of the growth potential that came from extending mass production, the relative saturation of markets for mass consumer durables and the disruption of the virtuous circle of Fordist accumulation due to internationalization and the problems this created for national regulation. In these respects post-Fordism transforms mass production and goes beyond it, segments old markets and opens new ones, and is less constrained by national demand conditions.

As a mode of regulation, post-Fordism would involve commitment to supply-side innovation and flexibility in each of the main areas of regulation. Possible features here might include (as identified in what can now be seen as a second-generation regulationist analysis, written in 1991, that is less sensitive than third-generation work to the importance of scenario analysis):

- The post-Fordist wage relation could involve the basic recomposition of the collective labourer (with a tendency towards polarization between polyvalent skilled workers and the unskilled as compared to the Fordist tendency towards homogenization around semi-skilled ‘mass’ labour); the organization of internal and external labour markets around different forms of flexibility (functions and skills, duration and form of labour contract, wage package, and so on); a shift towards enterprise- or plant-level collective bargaining; and new forms of social wage. Industrial relations strategies could focus on integrating core workers into the enterprise and on mobilizing the tacit production knowledge of workers by dissolving the Taylorist distinction between conception and execution. Peripheral workers could also experience more intensification, marginalization, precarious conditions and general insecurity and will often be poorly paid, unorganized and recruited from politically marginalized social groups such as ethnic minorities, rural–urban migrants and illegal immigrants.
- The post-Fordist enterprise system could see a shift from the primacy of the hierarchical, well-staffed, bureaucratic ‘Sloanist’ form of corporate structure towards flatter, leaner, more flexible forms of organization. New forms of organization between hierarchy and market will become more important in managing strategic interdependencies both within and among firms and in responding quickly to changing demands. More use will be made of outside consultants, specialists and subcontractors as well as revolving teamwork and greater internal competition; firms will also turn to joint ventures, licensing or contracting of technology, strategic alliances, collaborative R&D, design partnerships, and so on. This would now be described (writing in 2004) in terms of the increased importance of ‘network enterprises’ in a ‘network economy’.
- Profits of (industrial) enterprise will depend on the capacity to engineer flexible production systems and to accelerate process and product innovation; the search for technological rents based on continuous innovation in products and processes; and economies of scope. In this context engineering innovation and improved productivity in setting up manufacturing systems rather than manufacturing productivity within any given system will be crucial within industry (Jaikumar 1989: 129–33). This would now be described (writing in 2004) as an integral element in the ‘knowledge-driven’ or ‘knowledge-based economy’.
- Competition will turn on non-price factors such as improved quality and performance for individual products, responsiveness to customers and customization, and rapid response to changing market conditions. Some commentators also expect a polarization between giant transnational firms offering a full range of goods and/or services in generic and multifaceted fields of technological competence and a multiplicity of smaller (but often transnational) firms aiming at specific niches within global or other markets. Others predict a new hierarchy of industrial–financial relations with its peak occupied by global players in high value-added and expanding product markets and international banks oriented to the needs of transnational firms (Grou 1985; Amin and Robins 1990).
- On current trends, the money form will be dominated by private, rootless bank credit that circulates internationally; more flexible forms of credit will be developed linked to a growing range of innovative financial instruments that will often have been designed to escape central bank control; state credit will be subject to limits set by the logic of international money and currency markets. Whether continuation of these trends is compatible with relatively stable accumulation was hotly debated in the late 1980s (and continues to be so in the early 2000s, including by leading Parisian theorists such as Aglietta 2000b, 2001; Boyer 2000a, 2004a).
• With growing emphasis on differentiated forms of consumption, *commercial capital* will be reorganized to create and serve increasingly segmented markets. The hypermarket, the shopping mall and the boutique are often cited as archetypal post-Fordist forms of consumption and contrasted with the supermarket and department store.

• *State intervention* will shift away from the Keynesian Welfare national state. The irreversibly international character of post-Fordism reinforces the state’s role in promoting competition – not just of individual firms or national champions but also of the overall productive system and its sociopolitical supports. If this marginalizes the state’s role in managing national demand, it expands its role in the constant and continuous restructuring of the supply side and enhancing the frameworks and infrastructure necessary for new forms of enterprise and competition (Kundig 1984: 60; Boyer 1997b: 40–41). Welfare policy will also be closely integrated into, and subordinated to, such restructuring. Moreover, because individual national states might lack the means to organize international competition, there could be scope for panregional or quasi-continental states (such as the European Union). The transition to post-Fordism will see not only the rollback of the Fordist state but also the rollout of a new type of state. In addition, whereas the Fordist world was primarily organized on national lines, its successor will see interaction of national or regional rivalries in a race for societal as well as economic modernization and the dynamic of a global production system.

Together these forms comprise a distinctive ensemble of regulatory practices. They also seem to emerge from tendencies inherent in Fordism and to resolve at least some of its crisis tendencies. Some of these structural forms and regulatory practices developed from attempts to manage the crisis of Fordism, others from attempts to escape it; some are primarily defensive, others offensive. Among the problems they help solve are the collapse of Fordist incomes policies and the crisis of Fordist labour market institutions, the contradiction between Fordist wage forms and the post-Fordist need to promote responsible autonomy, rising R&D costs, rapidly changing and shortening product life cycles, greater risks of market failure, the availability of technologies permitting greater task integration and easier communication between divisions, and so on. Politically, the new forms of state intervention respond to Keynesian stagflation, the fiscal crisis of the state, slower productivity growth in the welfare state compared to the private sector, the rigidities and dysfunctions of bureaucratic administration and planning, the growing resistance shown by class forces and new social movements toward the forms and effects of the Fordist state, and so forth.

4 The post-Fordist ‘mode of societalization’ is especially uncertain because, in contrast to the postwar dominance of the American model, the crisis of Fordism has seen rivalry between Japanese, West German and American models. In addition the spatial division of labour is being reorganized in and across national systems. For flexible production seems to be avoiding the old Fordist production centres and is typically located in the suburban extensions of Fordist metropolitan areas, in relatively non-industrialized hinterland areas and, at least in services, in central business districts (Storper and Scott 1988). These new sites of production are rearticulated into the global circuit of capital and only its central nodes (the primary milieux of innovation) can function as locally integrated, agglomerated, self-generating growth poles; other sites are becoming more fragmented and are being inserted at various lower points in the global hierarchy (Amin and Robins 1990).

PROBLEMS WITH POST-FORDISM

Proposing a model or paradigm of post-Fordism might encourage teleological and/or functionalist analysis. At worst this involves assuming that an inevitable, preordained transition is under way – impelled by the changing logic of the productive forces and/or competitive pressures imposed by the strongest capitalist forces. Even if we successfully avoid teleology, functionalism may ensnare us. The risk here is that, having constructed a paradigm of post-Fordism, we assess everything in terms of its role in advancing (or else blocking) the transition to that particular paradigm. But, if we cannot yet tell what the final form(s) of a post-Fordist labour process, accumulation regime or mode of regulation will be, we cannot sensibly argue that specific structures or strategies will prove functional or dysfunctional in the transition. This problem is often recognized: Ruigrok and van Tulder, for example, note that ‘post-Fordism is too weak an analytical concept’ (1995: 32). We will soon see the justice in this claim, which helps explain the fundamental asymmetry between the concepts of Fordism and post-Fordism.

The Post-Fordist Labour Process

Let us ignore the many scientific, technical, value-theoretical and financial limits making the fully automated factory impractical and examine the more general shift towards flexibility in manufacturing. This can take two main forms: static and dynamic (Coriat 1990; Klein 1986). The former depends on a firm’s ability to adjust its product mix ‘instantly’ to demand fluctuations
and thereby operate at or near to full capacity. The resulting economies of scope would enable even a small or medium sized firm to rival a larger firm organized along Fordist lines to produce a standardized product and whose profits came from economies of scale. This is only effective where the goods produced have a short life or will soon become obsolete so that economies of scale are limited; otherwise a larger firm equipped with flexible machinery would outperform small or medium firms (Coriat 1990: 157–9, 163). By contrast dynamic flexibility operates on a longer time horizon and involves ‘production lines able to evolve rapidly, in response to changes in engineering of products or of processes’ (Klein 1986, cited by Coriat 1990: 167). It is ideal for new products with growing demand and/or products with stable volumes of demand but periodic shifts in the features offered or demanded (Coriat 1990: 169; cf. Elam 1989 on the potential for flexible mass production). In both cases, declining demand would make it hard to introduce flexible manufacturing technology and valorize the necessary investment. More generally there are financial limits on such investment due to the greater capital intensity of flexible machinery and plant that make it hard for many firms to profit from their introduction. The increasing velocity of the circuit of capital and the associated pressures to amortize investments quickly reinforces this point (Boyer 1997b).

Even further beyond the reach of flexible specialization are large, lumpy investment goods such as public telecommunications switching systems (Sayer 1989: 675) or nuclear power stations. These may benefit from computer integration of different stages in production but their actual manufacture will be beyond the scope of SMEs even when organized flexibly in industrial districts. Nonetheless changes occurring in the labour process, even if limited in scope and realized only partially, do seem to involve significant departures from Fordist practice. Even if one should not yet describe a novel post-Fordist accumulation regime or mode of regulation, the evidence does indicate certain genuine post-Fordist trends in the labour process. The real problem is to assess their significance in relation to other trends and alternative accounts.

In focusing on flexible manufacturing one could underestimate flexibility’s significance for the post-Fordist labour process. Several commentators argue that the shift to post-Fordism involves a transition in the leading sectors from manufacturing to financial and producer services. The benefits of electronic and optic technologies are especially marked for these sectors and are reflected in their continued expansion. Moreover, even if the true extent of flexibility in the labour process is uncertain, little doubt surrounds the general strategic thrust and the overall direction of recent changes. Whilst it may be premature to speak about a post-Fordist accumulation regime or mode of regulation, then, it does appear justified to talk about post-Fordist labour processes.

### The Accumulation Regime

It is too soon (writing in 1991) to define this other than abstractly. This is especially true given the complex and still uncertain changes occurring in Eastern Europe and the Soviet Union and the continued development of the European Community and its associates. Coupled with the rapid changes promoted by transnational companies and their strategic alliances, it is easy to forecast that there will be no return to the Fordist status quo ante and hard to anticipate the precise forms of any new regime. At most we can claim that the general direction of these changes is towards a greatly enhanced flexibility in the organization and articulation of production and consumption (Schoenberger 1989: 101, 105–6). This has certainly been the case in the intervening 14 years with new information and communication technologies, especially those concerned with time–space distangitation and time–space compression, enabling a more differentiated relation between production and consumption in the advanced capitalist economies.

### Mode of Regulation

As objects and modes of regulation are mutually related, it would be foolish to forecast the main outlines of any future post-Fordist modes of regulation. Objects of regulation are not fully constituted prior to struggles over their regulation but are partially constituted in and through them (Jessop 1990a). Chance discoveries (trouvailles) and trial-and-error experimentation also play a major role in consolidating modes of regulation (Lipietz 1993a; Coriat 1994; Boyer 2002f: 330). Given the uncertainty about the elements of post-Fordist accumulation regimes, their articulation into durable moments of a stable post-Fordist mode of regulation is doubly uncertain. This explains the conflicts over key aspects of post-Fordism such as making the wage relation more flexible; the meaning, scope and importance of flexible specialization; the significance of industrial districts; and the relevance of small, flexible firms in many key areas of production. It is also much debated whether the international monetary system has become too flexible for its own good – let alone that of productive capital. Niche marketing strategies often end up entombing their protagonists. And, while there seems to be a ‘hollowing out’ of nation-states as functions are transferred upwards to supra- or transnational bodies and/or downwards to new forms of local and regional state, the forms of the state and state intervention in promoting and managing the transition to an uncertain post-Fordist future are still...
many and varied. Nor is it clear how far current changes in state forms and functions are due to the transition to post-Fordism and how far they result from other trends, dilemmas and contradictions.

Given our previous argument that it is the Fordist mode of regulation that has the greatest conceptual and historical solidity, it is unfortunate that such uncertainties and ambiguities surround the post-Fordist mode of regulation. For it makes it hard to identify symmetries between Fordism and post-Fordism. This might explain why discussion focuses on specific aspects of the mode of regulation where trends seem clearer and/or is displaced by other levels of analysis. Thus most attention has been paid to attempts to flexibilize the labour process, the wage relation and corporate organization. We also find debates over the emerging spatial division of labour and the role of industrial districts. Since there are real issues at stake here, of course, they should not be ignored. Indeed, decomposing the argument about different aspects of the post-Fordist mode of regulation in this way could prove the better part of intellectual valour.

Societalization

Discussion of post-Fordist societalization is best restricted for the moment to three areas: (1) how shifts in the labour process affect class, gender and other social relations; (2) the social problems due to Fordism’s crisis and the search for alternatives; and (3) the political processes involved in this search process. It is too soon to talk of post-Fordist societalization. We should simply explore the uneven development of modern social formations.

Periodization

Regarding the labour process, we should ask whether the computer-integration of production from design to marketing really marks a crucial break in industrial organization or whether other shifts are more important. Gertler suggests that ‘it is more reasonable to view the present generation of flexible technologies as the outcome of a long, unbroken (though not unproblematic) chain of innovations rather than a “clean break” with the past’ (Gertler 1988: 429). To take a specific example, Coriat cites three waves of postwar innovation that assisted the rise of post-Fordism: (1) the fragmented automation of the 1950s based on a shift from universal machine tools operated by skilled workers to the automated production of very long runs of standardized components using a dedicated, automated and parcelized transfer line (for example, making engine blocks) as well as the adoption of numerically controlled machine tools for smaller batches (for example, aircraft components); (2) the informatization of processing commands in continuous flow production, for example, steel, rubber, petrochemicals, electronuclear; and (3) the flexible linking in the 1980s of manufacturing and control innovations via microelectronics so that production is computer-integrated from design to marketing (1990: 37–67). On this basis it is natural to ask whether it really is the third wave of innovations that makes the decisive difference or whether earlier (or, indeed, later) waves will prove more significant. This is especially significant insofar as there is clearly a continuing role for mass production in many product areas. Likewise, as Sayer notes, many of the Japanese solutions now adopted in the West (such as ‘just-in-time’ or JIT production) actually originated in the 1940s and 1950s – before the crisis of Fordism (Sayer 1989: 670). Such arguments are likely to continue and to generate as much heat as light. For any discussion of post-Fordism is bound to revolve around two problematic issues: the quantitative and qualitative significance of continuities and discontinuities in capitalist development on any one level of analysis and, just as important, the relative weight to be given to different levels of analysis. This does not exclude their insertion into a distinctive post-Fordist system but it does require a more nuanced and balanced analysis of what is new and/or ‘post’ about this system.

CONCLUDING REMARKS

The distinction between Fordism and post-Fordism is confused owing to three failures: (1) to differentiate among possible sites where Fordism and post-Fordism may develop; (2) to distinguish between the strategic or rhetorical affirmation of one or another aspect of Fordism (or post-Fordism) and its actual instantiation in specific structural features of a social formation; and (3) to recognize the basic asymmetry between the concepts of Fordism and post-Fordism that is due to the closing of the Fordist era and the uncertain future of post-Fordism. Nonetheless the passing of Fordism does enable us to compare regularities in and across different areas of consolidated Fordism and to examine why it did not take firm root in some economic spaces. ‘Fordism’ serves as a heuristic concept to establish the historical specificity for particular formations and define the basic tendencies, countertendencies and crisis forms of the dominant postwar accumulation regime. But such analyses must be supplemented with accounts of the multitude of subtypes or hybrid forms of ‘Fordism’. This is what prompts complaints about taxonomic fury overwhelming both detailed histories and dynamic causal analysis of tendencies and countertendencies. However justified these complaints in some cases, it still seems worthwhile to deploy the ‘Fordism’ as part of a broader conceptual system.
These problems are reinforced in dealing with post-Fordism. It is hard to define a coherent post-Fordist accumulation regime or mode of societalization as an ideal-type or heuristic construct in anticipation of its future consolidation. There are also real doubts as to whether the path of capitalist development leads to a ‘post-Fordist’ future. Quite specific theoretical and empirical conditions must be satisfied before we can reasonably talk of ‘post’-Fordism. Sometimes this concept has been abandoned in favour of one lacking a chronological prefix: flexible accumulation (Harvey 1989b), flexible Fordism (Gabriel 1996), reflexive accumulation (Lash and Urry 1987), Toyotism (Dohse et al., 1985; Fujita and Child 1993), Fujitsuism (Kenney and Florida 1988, 1993), Sonyism (Wark 1991a), Gatesism (Lacroix and Tremblay 1997), Ohnism (Coriat 1993), Wintelism (Windows + ‘Intel inside’) (Borrus and Zysman 1997; Boyer 2001c), or ‘Späthkapitalismus’. But the very proliferation of such concepts and their dichotomous nature provides good grounds for doubting that any one adequately describes the future of capitalism. For this will be determined by the class struggle and capitalist competition in all their manifold forms as well as by diverse forces rooted in other institutional orders; it will also depend increasingly on global forces rather than those confined to particular nation-states or plurinational productive systems. This inevitably introduces problems for those seeking solutions to the problems of Fordism and those studying them. We return to a more systematic theoretical exploration of these issues and propose an alternative account of post-Fordism in Chapter 11.

POSTSCRIPT

This chapter draws on an article published in 1991 and reflects the state of the literature at the time it was written. Important work on Fordism and post-Fordism has continued to appear, with useful empirical extensions, theoretical and empirical deepening, and further challenges to the validity of the concept. While the following list is owing to the enormous popularity of the concept, we will mention here some recent work that adds something to the previous literature. On Fordism and post-Fordism in terms of the labour process and wage relation, see Boyer and Durand (1997), Boyer and Freyssenet (2002), Cho (1994, 1997b), Rabinbach (1998), Jones and Peck (1995), Peck (1996), Petit (1999), Pietykowski (1999), Vallas (1999), Boyer (2000a), Friedman (2000). There has also been a gradual diffusion of the concept of Fordism and post-Fordism beyond labour process studies to encompass such different issues as changing governance structures (for example, Hollingsworth 1991), changing consumption norms and lifestyles (Lüscher 1988; Wark 1991a; Bélanger and Lévesque 1991; Gartman 1998; Pietrykowski 1994); the cultural industries and culture policy (Hesmondhalgh 1996; Volkerling 1996; Lacroix and Tremblay 1997); migration (Pellerin 1996; Klein-Beekman 1996); scale (Tickell and Peck 1992; Brenner 1997, 1998, 1999a, 1999b, 2004; Crump and Merrett 1998; Krätke 1999; Lipietz 2001; Alnäseri et al., 2001); space and cyberspace (Pratt 1996); Fordist and post-Fordist cities (Filion 1995; Cho 1997a, 1999; Marcuse 1997); Fordism and post-Fordism in the countryside (Goodwin et al., 1995); the restructuring of local government (Painter 1991; Mayer 1992, 1994; Goodwin et al., 1993; Goodwin and Painter 1996; Stoker 1989); race and gender relations (Cherry 1991; Fujita 1991; McDowell 1991; Rogerson 1991; Ruddick 1992; Bakshi et al., 1995; Gottfried 2000); and changing welfare states (Boyer 2002a; Burrows and Loader 1994; Jenson 1996; Jessop 1993, 2002; Peck 2001; Harris and McDonald 2000). But there has also been a growing interest in giving the concept of post-Fordism a more positive content, which escapes the simple use of a chronological prefix: recent examples are Boyer (2002g) on the knowledge economy; (2002h, translated as 2004a); Jessop (2002) on the globalizing knowledge based economy (see also Chapter 11); and a recent anthology on capitalist periodization (Albritton et al. 2001).

NOTES

1. Perez treats Fordist mass production and continuous process industries as the carrier industries of the fourth Kondratieff; its motive branches produce the low-cost oil and energy-intensive materials used in Fordist production; it induced growth in complementary industries of the fourth Kondratieff; its motive branches produce the low-cost oil and energy-intensive materials used in Fordist production; it induced growth in complementary

2. Fordism seemed rigid because these sources of flexibility were overwhelmed by its general crisis. Micro-sources included lay-offs, short-time and overtime working, outsourcing, variations in stock levels, switching between home and foreign markets. Macro-sources included contracyclical demand management, devaluation, incomes policies and the stabilizing effects of welfare payments.

3. More precisely, the technical composition of capital refers to the relation among means of production, material inputs and work in progress, and labour power.

4. Thus Ford’s ‘five dollar day’ was introduced to stem massive turnover and absenteeism rates among his assembly-line workers.

5. See Galbraith’s The New Industrial State (1967), which anticipated many studies of the Fordist regime.

6. Smallness should not be equated with land mass but with population and GDP relative to its future consolidation. There are also real doubts as to whether the path

7. Perez treats Fordist mass production and continuous process industries as the carrier industries of the fourth Kondratieff; its motive branches produce the low-cost oil and energy-intensive materials used in Fordist production; it induced growth in complementary industries of the fourth Kondratieff; its motive branches produce the low-cost oil and energy-intensive materials used in Fordist production; it induced growth in complementary industries of the fourth Kondratieff; its motive branches produce the low-cost oil and energy-intensive materials used in Fordist production; it induced growth in complementary

8. Kristensen’s work owes more to Piore and Sabel’s fl exible specialization paradigm (1984).
THEORETICAL DISTINCTION BETWEEN FORDISM AND POST-FORDISM

10. There are many other critiques but few that first draw the necessary distinctions among possible levels of Fordism and/or between its structural and strategic aspects. For some representative criticisms from different perspectives, see Foster 1988; Hirst and Zeitlin 1991; Meegan 1988; Sayer 1989; Williams et al. 1987.

11. The concept of ‘economy’ is actually problematic here because it could cover any economic space from a workshop to the global economy. We ask forbearance for the moment.

12. Under Fordism, this sector typically worked on a cost-plus basis and did not face the same competitive pressures as sectors oriented to private consumption.

13. Kaplinsky defines this focus on the car industry because ‘first, it is the largest single industrial employer in the world economy and, second, since the first decades of the twentieth century it has set the pattern for the development of the dominant form of labour process that has subsequently diffused to other manufacturing sectors’ (1988: 452).


15. Some difficulties in the Fordist literature stem from failures to meet these criteria; many commentators conflate different possible definitions.

16. Several commentators note that the dichotomy ignores distinctions such as unit, small batch, process and mass (for example, Smith 1989: 216). Williams et al., even claim that ‘it is very difficult to identify particular enterprises or industries as instances of mass production or flexible specialization’, making it hard to establish criteria of dominance or whether one is displacing the other (1987: 415, 417).

17. Sorge and Streick cross-classify batch size (low or high volume) and type of product (customized, quality competitive or standardized, price competitive) to generate four types of production strategy: specialized component production, mass production, craft production and diversified quality production (1988: 15–16). This is already an advance.


19. Thus Mike Davis (1978) criticized Aglietta’s pioneering work on US Fordism for ignoring the ‘1.6 trillion dollars devoted to the permanent arms economy since 1946’.

20. There are parallels between the US New Deal and the Nazi New Order as forms of internal welfare state. The Volksespänder (radio), Volkswagen and Autobahn were equivalents to mass household consumer durables, the model T, and the US highway programme (Roobeck 1987: 134).

21. Siegel explains the neglect of fascism in terms of ‘a procedure that reduces to a mere preparatory stage about two-thirds of the sixty years since the inception of the Fordist era in the 1920s’ (1988: 4).

22. The Japanese model poses problems here too: if Japan pioneered the post-Fordist future yet lacked a Fordist past, what does ‘post-Fordism’ signify when applied to Japan?

23. Many early comments on Fordism in crisis foresaw only a movement to neo-Fordism, that is, efforts to renew Fordist growth through new technologies (for example, Palloix 1976; Aglietta 1979).

24. This presupposes agreement on the crisis of Fordism – whether as labour process, accumulation regime, mode of regulation, or mode of societalization.

25. Compare Kaplinsky’s comment: ‘there is now widespread recognition that there are alternatives to the Fordist system, which are also widely recognized to be more productive’ (1988: 455). JIT (just-in-time) developed as an alternative in Japan in part because the early Japanese market for cars was small and it was important to reduce inventory.

26. Reverting to the automobile industry, for example, Jürgens et al. (1988: 12) suggest that, while Britain is moving towards the German model, the USA is moving towards the Japanese (see also Jürgens et al., 1993).

27. Even flexible manufacturing systems are too costly for most small firms to install and require user firms to push for higher volumes and more product variety than markets might bear (Schonberger 1987).

28. ‘Spätkapitalismus’ involves a pun on ‘Spätkapitalismus’ (‘late capitalism’); it refers to Lothar Späth, a key advocate of West Germany’s post-Fordist future.

3. Fordism, post-Fordism and the capitalist state

It is a cliché repeated by critics and advocates alike that the state is a regulationist weak point. Thus Boyer’s critical introduction to the RA noted that ‘research in terms of regulation … has not generally involved theories of the state’ (1990a: 41). Elsewhere, identifying the state as a crucial ‘missing link’, he called for ‘second-generation’ research to examine the state (1990c: 10, 14–20; cf. 1990a: 94, 109, 112–13; cf. Noël 1987; Barrère et al., 1984; Boismenu and Drache 1990a; Drugman 2000; Robles 1994; Théret 1990a, 2002; Hirsch 1992; Clarke 2001). The main exception to this neglect is West German work but this risks overemphasizing the state’s role as a regulatory or, better, regularizing instance. In addressing this weakness, we review early regulationist accounts of the state, mapping different approaches and identifying their respective theoretical problems and empirical deficits. Next we suggest how RA insights may be applied to the state itself as a complex institutional ensemble in need of regulation. We then present a second-generation regulationist and state-theoretical account of the changing form and functions of the capitalist type of state in the transition to post-Fordism. We thereby introduce state-theoretical concerns into the RA and bring regulationist concepts into analyses of the state and, at the same time, build on the analysis of Fordism and post-Fordism introduced in the preceding chapter. This opens the route to an analysis of the integral state (the state in its inclusive sense) and its decisive economic nucleus that parallels regulationist analyses of the integral economy (the economy in its inclusive sense). We will not deliver this analysis here because we are concerned primarily with the economic functions of the capitalist type of state rather than a more rounded account of the capitalist state and its role in securing social cohesion in a class-divided society.

EARLY REGULATIONIST ACCOUNTS OF THE STATE

Agreement among French regulationists soon collapses. Théret noted, ‘when they must locate the state as a specific level of society in the overall architecture of a mode of regulation’ (1990a: 43). This applies both to the
state’s general position within the overall hierarchy of regulatory forms (insofar as this is explicitly considered) and to its particular functions, whatever its hierarchical position. Disagreement is also evident in the tension between regulationist accounts of the state (1) as one distinct structural form among several involved in regulation and (2) as an apparatus somehow present in all structural forms and therefore not an independent form in its own right. More generally, how regulationists locate the form and functions of the state depends mainly on four factors: first, the specific object(s) of regulation at issue; second, the substantive theoretical framework adopted to study them; third, the specific stage and/or variety of capitalism, where relevant, in which the state is engaged in regulation; and, fourth, the specific circumstances in which it is acting (for example, periods of stability, crisis or transition).

First, early regulationist work that focused on relatively narrowly defined economic objects of regulation, such as the laws of profit, tended at best to treat the state as an ‘ideal collective capitalist’. This concept suggests that the state acts to secure the collective interests of capital but does not itself act as one competing capital among others – hence its ‘ideal’ rather than ‘material’ nature as a collective capitalist. But this approach does not explain how the state can know these collective interests and ensure their realization – especially as regulationists also assume the inherent improbability of capital accumulation and the eventual breakdown of all accumulation regimes and modes of regulation. At worst, early work adopted a crude instrumentalist approach in which the dominant economic class (or even a single dominant class fraction) uses the state system to pursue its particular economic and political interests (cf. the critiques of de Bernis from Drugman and Becker 2002). In between these unsatisfactory functionalist and instrumentalist positions we find largely untheorized empirical explanations in terms of the changing balance of forces. Regardless of how the state is conceived, this type of analysis is exemplified in claims that the state apparatus and budget are central to, and deeply imbricated in, the laws of profit (GRREC); and that the state serves as a dévalorisateur universel (universal agent of devalorization) (Boccara and CME theory). Such arguments are all very one-sided (cf. Théret 2002: 42, modified translation; cf. 1986a: 53). He also writes that the state ‘plays a definite role in the establishment, rise, and crisis of every regime of accumulation’ (1990a: 42). For Lipietz, the state is the archetype form of regulation, the ultimate guarantor of the other structural forms, and the dominant institutional form of hegemony (1987a: 19; 1992b: 182). These approaches illustrate the tensions between seeing the state as just one structural form among others, as a form that is primus inter pares insofar as it has a key role in securing other forms, as an interior–exterior arrangement that ‘works within the mode of régulation … as well as an external support mechanism through which it is possible to act on the mode of régulation’ (Lordon 2002: 132) or even as the central form that secures the overall complementarity of different institutional forms in a mode of regulation.

Three main problems arise here. There are reductionist dangers in suggesting the state’s essential role is to manage the tensions and contradictions in capitalist regulation; there are functionalist dangers in claiming the state must do so for accumulation to proceed; and there are empirical risks in presupposing that the state actually has the capacities to act in these ways. But all three hypotheses are unnecessary. Indeed, Noël (1991) insists that the best way to avoid both a functionalist emphasis on necessity and the ‘randomization of history’ (through a one-sided emphasis on contingency) is to ground a regulationist approach to politics in the historically contingent relations among the three principal actors in the wage
relation (capital, labour and the state) and to consider how these relations are the joint product of modes of growth and specific forms of state and party organization. This, incidentally, was the approach of Häusler and Hirsch (discussed in Chapter 1) and has become a key approach in recent Parisian theory (for example, Boyer 2000b, 2001b, 2004b; Marques-Pereira and Théret 2001; Palombarini 2001).

The Nordic school occupies a distinctive position, for, whilst its members are mainly concerned with overall economic policy and crisis management, their background in institutionalism and their explicit comparative focus dictated a different approach to the state. As well as different national modes of growth they also examined different types of political regime and forms of political alliance (for example, Andersson 1986; Fagerberg et al. 1989; Mjøset 1986). But, despite their institutional background, Nordic scholars did not develop an explicit regulationist approach to the state itself or question its overall functionality for economic growth within the prevailing economic constraints.

Other studies adopted an even wider focus and treated the state as the institutional embodiment of a class compromise that extends well beyond the wage relation. As well as Parisian theorists, notably Delorme and André (1983) and Lipietz (1987a, 1988, 1992b), we can mention the West German, radical American and Amsterdam schools. Thus, besides showing how French public expenditure was influenced by the socialization of productive forces and the impact of foreign and military factors, Delorme and André showed how they reflected and entrenched specific class compromises (1983). Institutionalized compromise is also a crucial aspect of Lipietz’s analysis of the basic features of the capitalist state, its historical forms, its generic functions and its capacity for securing hegemony at home and abroad (for example, Lipietz 1992b). West German theorists focused on the state’s role in actively constituting a power bloc in terms of a specific political logic, how hegemonial structures underwrite specific accumulation strategies and societalization forms, and how the value form shapes the prospects for securing the material bases for a stable political order (for example, Hirsch 1992). The American radicals saw the state as involved in four accords: capital–labour, citizen, international and domestic competition. They argued that the democratic state is a site of conflict between the logics of capital and citizenship (for example, Bowles and Gintis 1982; see also Breton and Levasseur 1990; Boyer 2000b). And the Amsterdam school stresses the state’s centrality in implementing a comprehensive concept of control (CCC) at home and in relaying transnational concepts or resisting their penetration (for example, Holman 1987–8; van der Pijl 1988, 1989b). In addition, it distinguishes different types of capitalist state, depending on whether they are located in the ‘Lockean heartland’ of advanced capitalism with a liberal state, pluralistic power bloc and self-regulating civil society or else in the periphery, where ‘Hobbesian’ states led by a dominant economic–political class seek to penetrate and mobili ze the economy and wider society in pursuit of catch-up development (van der Pijl 1989a, 1998). Whilst these different approaches often stress class struggle and the hegemonic role of one or other fraction of capital, the state still has a key role in constituting and managing this struggle and is far from a simple instrument of external class forces.

Finally, some theorists examine the regulation of plurinational or even global regimes. In the former context, de Bernis tends towards a Leninist position, seeing the state as a crucial instrument in the organization of rival plurinational regimes and in their interimperialist struggle for economic resources and power (Byé and de Bernis 1987). Lipietz has long been concerned with local, urban and regional regulation (for example, Benko and Lipietz 1992, 1999; Lipietz 1974, 1977, 1992a); more recently, he has considered continental regulation in triad regions. He argues that the neoliberal, neo-Taylorist version of after-Fordism in the USA appears more successful than European economies because Europe lacks an appropriate continental mode of regulation, especially regarding the monetary regime (2001: 33–4). Canadian theorists have also been strongly interested in continental regulation (for example, Bois menu and Drache 1990a). Globally, where the world market or global governance is concerned, the tasks attributed to the state depend on the weight given by regulationists to economic issues relative to international cohesion. Thus some early studies, concerned with the spread of Fordism, focused variously on the state’s role in promoting the interests of multinational firms, organizing favourable trade relations, and managing the emergent and coevolving complementarities among different modes of growth. Others, more concerned with the overall cohesion of the international regime, emphasized the role of dominant or hegemonic states in defining and managing the wider international regime. And, from a more Gramscian perspective, the Amsterdam school emphasized the role of a transnational bourgeoisie in shaping the international order.

In short, although state activities were never really absent from early work on regulation, their role was often underplayed and/or confined to a few narrowly defined functions and the specific dynamic of state power was usually seriously neglected. The uneven development of the RA itself largely explains this. For most theorists simply introduced the state into their accounts of regulation as needed and/or subsumed it under a general account of the structural forms through which regulation is achieved. With few exceptions, early regulationists adopted an available account of the state to fill out their radically new approach to the capitalist economy. They did not apply the same approach to the state itself nor did they try
to integrate more adequate state theories. This is one source of the RA’s bias towards economic explanation. For its conceptual and theoretical apparatus for economic analysis is far richer and more complex than for the analysis of the state and politics (let alone for the ideological field or semiosis more generally). Such asymmetries can lead to voluntaristic or functionalist analyses of state action or to its treatment as an exogenous variable. At best it leads to analyses that refer to shifts in class alliances, political coalitions or the changing balance of forces as intervening variables in the emergence, consolidation, crisis and restructuring of accumulation regimes and modes of regulation (these are typical phrases in the work of Boyer and other Parisian regulationists when discussing the key political dimension of régulation). In this sense, it is not sufficient to claim that the RA recognizes the importance of the state; it is also essential to provide an adequate range of concepts and theoretical assumptions to do justice to that importance.

Indeed, if one takes the RA’s basic assumptions seriously, they should apply as much to the state as to the economy. First, the state is neither an ideal collective capitalist whose functions are determined in the last instance by the imperatives of economic reproduction, nor is it a simple parallelogram of pluralist forces. It is better seen as an ensemble of structural forms, institutions and organizations whose functions for capital are deeply problematic. Second, the state’s substantive unity is just as underdetermined at the level of state form(s) as the actual course of accumulation is at the level of the value form. Thus, if accumulation strategies are needed to give a certain substantive unity and direction to the circuit of capital, state projects are needed to ensure that a given state has some measure of internal unity and to guide its actions. And, third, securing the conditions for accumulation or managing an unstable equilibrium of compromise involves not only a complex array of instruments and policies but also a continuing struggle to build consensus and back it with a flow of material concessions and, where necessary, coercion. The regulationist study of these problems often invokes the name of Antonio Gramsci, the Italian theorist of the state in its integral sense (political society + civil society) and his analysis of state power in terms of ‘hegemony armoured by coercion’ (1971: 182, 239 and passim; see also Chapter 12). Further movement in this theoretical direction has continued with more recent regulationist work in the Parisian, West German and Amsterdam schools (see Chapter 7).

TOWARDS A SECOND-GENERATION ACCOUNT OF THE STATE

Boyer called for second-generation work on the state in part to overcome what he correctly described as the permanent temptation of economism that occurs when economists concentrate on economic analysis (1990c: 14–15). Inspired by the contributions of Canadian political scientists and historians to the International Conference on the Regulation Approach (held in Barcelona in June 1988), he provided a brief, stylized account of the Fordist state and its crossnational variation as his own initial contribution to such second-generation work (ibid.: 15–17). He also attempted to locate this analysis within a broader understanding of the nature of the state. He rejected the claim that regulationists reduce the capitalist state to a ‘state of labour’ (état du travail) and argues that they see it as involving multiple compromises, political as well as economic. He also rejected a reductionist logical derivation of the state’s functions from the capital relation and any attempt to provide an ad hoc, empiricist pluralist explanation for its institutional form and functions. Instead he recommended analysing the state as a totalizing historical form that integrates a series of institutionalized compromises. These involve, not only class alliances (typically extending beyond capital and labour) and the institutional forms that comprise a mode
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of regulation, but also issues such as non-economic rights and political citizenship. In this context he also praised Poulantzas’s emphasis on the contradictions and conflicts that run through the state by virtue of its role in condensing class compromises (ibid.: 18; cf. Poulantzas 1978). At this point in his discussion of the state, however, like Marx before him in relation to the nature of classes, ‘the manuscript breaks off’.

We now pick up the state-theoretical pen to outline some key issues for second-generation work on the state along similar lines, inspired by Gramsci, Poulantzas and West German state theory as well as by the Parisian RA. A later section presents our own ‘integral’ analysis of the state based on this approach. In developing this approach, we agree with Hirsch that ‘an attempt to overcome the state-theoretical deficit of regulation theory must be understood not just as an extension but rather as a theoretical reformulation of the whole approach’ (1992: 203, our translation). In general, this should treat the state as a distinct structural form that is not only involved in regulation but also in need of regulation. Four issues are crucial: (1) managing the state itself as a crucial instance or site of regulation; (2) the regulation-specific strategic selectivity of the state system; (3) the role of state structures and activities in constituting and reproducing specific objects of regulation; and (4) the strategies adopted by different social forces to the state and state power in the struggle(s) to restore, maintain or transform a given mode of regulation (Jessop 1990a: 200; cf. the guidelines in Boismenu and Drache 1990b: 31).

First, the state does not exist as a fully constituted, internally coherent, organizationally pure and operationally closed system. It is an emergent, contradictory, hybrid and relatively open system linked to the wider political system, other institutional orders and the wider social world. Thus there can be no inherent substantive unity to the state qua institutional ensemble (Poulantzas 1978; Jessop 1990b; Jobert 1995). Its (always relative) unity must be created internally through specific guiding purposes, coordination mechanisms and operational procedures. ‘Apparatus unity’ has two aspects: (1) the need for clear ‘frontiers’ or boundaries between the state and other institutional orders; and (2) the relative unity of the state within these boundaries. At the same time, of course, the state is typically held responsible for promoting the interests of the ‘illusory community’ that exists in the wider society of which the state is just a part. The making of this ‘illusory community’ is necessarily selective, privileging some identities, interests, values, spaces, places, scales and temporal horizons over others (Chapters 8 and 12).

Regulationists have studied this selectivity in terms of the state’s contribution to securing hegemonic projects, comprehensive concepts of control, capital–citizen accords, institutionalized compromises, the regulation of the laws of profit or specific institutional forms (especially the capital–labour nexus and monetary constraint). Many regulationists also suggest that, without some internal unity and a relatively consensual hegemonic project (together with its corresponding social base), the state could not secure the political conditions needed for an accumulation regime (for example, Esser et al., 1994; Esser and Hirsch 1984; Ganßmann 1988, Häusler and Hirsch 1989, Hirsch 1990b, 1992; Lipietz 1992b, 1994a; London 1997a; Marques-Pereira and Théret 2001; Noël 1990; Palombarini 2001; Purcell 2002; Röttger 2001; Sablowski 1994; Théret 1992; Torfing 1997; Ziltener 2000). This argument generally holds for accumulation in the leading capitalist economies (insofar as they are formally democratic) but does not reflect so well political conditions in other contexts (cf. van der Pijl 1989a, 1998). Thus other regulationist work on rentier regimes (such as oil states), Latin American import-substituting and/or export-oriented economies, state socialism or East Asian newly industrializing countries indicates that a broad democratic consensus is not essential to accumulation or economic growth and, indeed, that suspension of democratic principles may be beneficial for a time in some conditions for promoting capitalist expansion (Aboites et al., 2002; Alnasser 2004; Andreff 1993; Lipietz 1987a; Ominami 1986; Sum 1994, 1998; Voskamp and Wittke 1991; Chapter 9).

Second, strategic selectivity refers to the form of political class domination inscribed within a given state system. This should be understood in terms of the specific configuration of state branches, apparatuses and institutions, their specific powers and prerogatives of action, their specific relative autonomies and institutional unities, and their specific patterns of domination and subordination. These aspects overdetermine the general form of the capitalist type of state (in its institutional separation from the economic space of valorization) and produce a specific system of structurally-inscribed strategic selectivity. This means that the state is not equally accessible to all social forces, cannot be controlled or resisted to the same extent by all strategies, and is not equally available for all purposes. All political regimes favour the access of some forces, the conduct of some strategies and the pursuit of some objectives over others. An essential feature of any stable mode of regulation is the structural and strategic selectivity inscribed within the political forms that correspond to it. Note that this does not entail that every state be organized on a national territorial basis or that every national state is a nation-state linked to a single ethnic, cultural or political nation (cf. Jessop 2002: 173–4).

Third, because there are different emergent objects of regulation, different spaces or instruments could be important. The relative importance of the state’s role varies with the object of regulation and, indeed, its activities are themselves a focus of struggle with a major impact on different modes
of regulation. There are different regulationist interpretations of the space of regulation and this affects how they study local, regional, national, continental and international state apparatuses and their overall articulation. In general, however, because of their typical focus on the state’s close ties to the regulation of national economic space, they have focused on the national state. The principal exceptions have been the grenoblois and Amsterdam schools and the work of some Canadian regulationists, who could not escape the need to theorize state-federal relations as well as questions of continental integration (see, for example, the essays in Boisnier and Drache 1990a). But there is also growing general recognition that increasing internationalization will require new forms of regulation at local, regional, national and supranational scales (see below on ‘postnational’ state forms and functions).

Early Parisian work tackled the problem of scale in terms of specific national modes of development and their associated historical blocs. Thus Lipietz noted that a mode of development is based on a coherent and stable combination of a technological paradigm, an accumulation regime and a mode of regulation. He added that ‘the accumulation regime would appear as the macroeconomic result of the functioning of the mode of regulation, on the basis of a model of industrialization’ (1994a: 194, our translation). This analysis is linked in turn to his view on hegemonic systems: these comprise a triangular relation between a model of development, which forms the base of the material existence of a hegemonic bloc, itself guarantor of a mode of regulation, which in turn guides the reproduction of the accumulation regime (ibid.: 194–5). This recalls Gramsci’s stress on the ‘decisive economic nucleus’ of hegemony and the character of the mercato determinato (determinate market) in shaping specific modes of development (Chapter 12). Like Gramsci, Lipietz also regards the state as the central structural form in the material condensation of institutionalized compromises that reflect and sustain this hegemonic system (see especially 1992b: 186–8). Thus he redefines the key to understanding the state’s basic economic functions in terms of ‘domination + regulation in the context of a hegemonial system’ (ibid.: 188, our translation).

The grenoblois school was concerned with plurinational accumulation regimes and was therefore interested in issues of interscalar articulation. It argues that each of the three stages of capitalism it identifies is linked to a new form of plurinational productive system. For ‘no capitalist country has built its productive apparatus exclusively on its national territory: colonies played a central role in the period of primitive accumulation; after the depression of the 1880s, imperialism carved up a number of economic areas by means of capital exports, each reflecting the structural characteristics and exigencies of the dominant capitalistic core’ (de Bernis 1990: 31). Likewise, after the crisis of postwar state monopoly capitalism, attempts were made to form new monetary blocs. On this basis, grenoblois scholars also argue that a crisis of (not in) a given mode of regulation appears first and foremost between productive systems, not within them. Thus transitions are always linked to economic crises that have international dimensions.

The Amsterdam school also addresses questions of scale and has analysed regulation in terms of local, sectoral, national, European and international concepts of control (for example, van Apeldoorn 1998, 2002; Overbeek 1993a, 1993b; Ruigrok and van Tulder 1995). Of special interest here are van Apeldoorn’s analyses of the Europeanization of CCCs; and an edited collection on European employment policy (Overbeek 2003). Reflecting transformations in Germany’s insertion into the world market and the more general impact of globalization, West Germans have turned from German Fordism to the role of an emerging transnational state in regulating the world market (see especially Hirsch 1995a, 1995b, 1997, 2000) and to the specificities of the European Union as an emerging state form (Ziltener 2000, 2001). We can also find occasional comments from Boyer on the importance of interscalar articulation (for example, Boyer 1990c: 11–14; Boyer and Hollingsworth 1997b).

The fourth major issue for a regulationist state theory concerns not so much the object(s) of regulation as its subject(s). Which strategies are adopted by what social forces towards the state and state power in the struggle(s) to restore, maintain or transform a given mode of regulation? This cannot be meaningfully answered in abstract terms – references to the class struggle would be purely gestural without specifying the specific forces and strategies involved. Failing to specify the agents leads straight into class (or other agential) reductionism. Likewise, referring to strategies without specifying the supporting mechanisms and forces is equally sterile. For there is little point or hope in formulating a strategy without agents and means for its realization.

Indeed, unless one refers to concrete agents and strategies, structural factors will probably be overemphasized in any description or explanation – whatever the analyst’s intention. Thus early regulationist studies focused on the structural relations between the state and economic categories, with little concern for how they are mediated in and through the strategic conduct and routine activities of social forces. Some theorists do refer gesturally to notions such as Bourdieu’s concept of ‘habitus’ to indicate how the values, norms and routines that might sustain a mode of regulation could be internalized in individual conduct (for example, Lipietz 1988, 1992b, 1994a; Goodwin and Painter 1997). However, not only are these references gestural, the concept of ‘habitus’ itself is inconsistent with the overall thrust of the regulation approach (Demirovic 1992); and Bourdieu’s concept of social
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Capital is said to reproduce the assumptions of neo-classical economics (Favreau 2001). Boyer’s more recent critical appropriation of Bourdieu’s *œuvre*, which rejects such charges, nonetheless only partly escapes these criticisms (Boyer 2003a, 2004b, 2004c; see Chapter 7). Another solution, favoured by Aglietta and Brender, André, Boyer, Delorme and Lipietz among first-generation theorists, involves the state’s role in institutionalizing class compromise (Aglietta and Brender 1984; André 2002; Delorme 1984; Delorme and André 1983; Boyer 1990a, 1990b, 2001a; Breton and Levassuer 1990; Lipietz 1987a, 1992b). This is also unsatisfactory, for it fails to explain how the state can guarantee the various structural forms belonging to a mode of regulation and/or institutionalize a compromise favourable to its continued reproduction. More recent work along these lines partly overcomes this problem by integrating Gramscian concepts such as historical bloc and hegemony and considering the strategic selectivity of specific state forms (for example, Lordon 1997a; Palombarini 2001). More generally, as Mahnkopf suggests (1988b), the early Parisian regulationists failed to consider the social dimensions to the crisis of Fordism and their significance for post-Fordist strategies. This can be contrasted to the approach of Hirsch and Roth (1986), Mayer (1994), Mayer and Roth (1995), and other German regulation theorists (for a review, see Steinmetz 1994).

Only the Amsterdam and West German schools took agency seriously in first-generation work and both adopt solutions influenced by Gramsci’s analyses of hegemony. The Amsterdam school interprets this in terms of the capacity of specific fractions of capital to develop unity around a comprehensive concept of control and explore the different mechanisms and forums in which this occurs (for example, van der Pijl 1984; van Apeldoorn 1998, 2002). For the West Germans, Häusler and Hirsch claim that the party system plays a key role in mediating between the state and individuals and institutions in society. Its special function in the complex of regulatory institutions is to constitute, express, direct, filter and aggregate the many pluralistic, antagonistic interests in society. In particular, pressures of electoral competition encourage the main parties to play down and neutralize conflicts that might endanger social integration and to seek to mobilize support around policies and projects that would polarize support around issues that cross-cut fundamental lines of social cleavage. The parties of government thereby both facilitate and legitimate relatively coherent state actions concerned with societal reproduction. Their strategic capacities in this regard are rooted in the internal heterogeneity of party organizations (with their different wings and local branches) as well as their relative openness to a pluralistic political scene occupied by enterprises, interest groups, churches, the mass media and other public bodies (1987: 655–7; cf. 1989). One Parisian theorist later developed a similar approach to the role of party competition and the state’s role in securing an electoral compromise among workers, capitalists and rentiers in the Italian case (Palombarini 2001). Finally, Häusler and Hirsch imply that each mode of regulation has a corresponding form of party system and that a crisis in regulation will also be accompanied by crises in the prevailing party form and the party system. Recent Parisian work has interpreted the rise of the ‘third way’ in similar terms (Petit 2001a). Boyer, too, now argues that ‘The political is rarely absent from changes in modes of régulation’ and that this is reflected in (and mediated through) changes in political coalitions or programme reversals by single-party governments (2000b: 293, italics in original; cf. 2001a: 81–2, 85). Such analyses reveal one mechanism whereby social forces can contribute to securing and transforming modes of regulation but it is also important to explore how parties’ capacities to influence the state depend on the latter’s institutional form and whether other forums and organizations may be more important (respectively, Bertramsen 1991: 130; van Apeldoorn 1998, 2002).

Aglietta and Brender argue that modes of regulation institutionalize a balance of force among collective class actors. When the existing structural forms face an organic crisis, therefore, established class organizations are also affected. They are compromised by their integration into the mode of regulation and find it hard to represent new class interests and/or shape new regulatory forms. Thus ‘new collective subjects’ (cf. Gramsci on ‘new collective wills’) must emerge before new modes of regulation can be developed (Aglietta and Brender 1984: 21–2, 162–5, 209–10). Lipietz sees political parties as important relays of models of development across countries and thus of the international consolidation of the hegemonic paradigm (1992b: 195). Noël suggests that parties have a key role, albeit one that is typically lagged by institutional and organizational inertia, in producing the political realignments that consolidate new ‘implicit contracts’ favourable to an emerging mode of regulation (1991: 114–19). Shoch, an American radical, also emphasizes that ‘dynamics within the party and state systems, involving the formation of new political coalitions and institutions, will be of great importance in the resolution of the crisis and in the construction of a new SSA’ (1994: 175). Finally, Jenson identifies the significance of new citizenship regimes as decisive factors in shaping new accumulation regimes and modes of regulation (Jenson 1996, 2000).

While these arguments about political parties are interesting, we should not ignore the role of bureaucrats and other non-party intellectuals in developing the norms, modes of calculation and procedures that sustain a given mode of regulation. Gramsci had already noted how hegemony was born in the factory in American Fordism and how there are many other sites at which partial modes of regulation and specific regulatory
procedures are mediated. Later, West German theorists showed how new social movements not only act as relays and agents of crisis in a mode of regulation but can also serve as useful fields of social experimentation in pioneering possible structural forms, norms and strategies suitable for a new mode of regulation (Hirsch and Roth 1986; Mayer 1994; Mayer and Roth 1995; see also Steinmetz 1994). Nonetheless, unless one examines the mediation of regulation in and through specific social practices and forces, regulation will either go unexplained or will be explained in terms of ‘speculative’ structuralist categories. The RA in all its guises was developed precisely in order to overcome structuralism as well as mechanical theories of general economic equilibrium but it has not fully delivered on this promise in regard to the state.

ON SCALES OF REGULATION

We now consider how different objects of regulation are related to spaces, places and scales of regulation. Accumulation regimes, modes of regulation and modes of development necessarily have spatial dimensions but these have rarely been adequately addressed. This has crucial implications for government and governance and the future of national states as well as for sectoral and territorial regulation more generally. The range of objects that regulation theorists have examined reflects the complexity of the real world as much as it does the plurality of theories. This poses a major theoretical and empirical problem: how are smaller sites of regulation related to larger sites and how are their relations mediated through structural forms and modes of regulation? Is there a mode of macroregulation that accords different smaller sites their place in some overall regulatory strategy or does macroregulation, if any, just emerge from the interaction of lower-level practices and/or partial modes of regulation? Regulationists have sought answers to these questions in two main contexts: spatial and societal.

Spatially, the problem of interscalar articulation has been defined in two main ways: (1) the articulation between the national and international levels or, for the grenoblois, between plurinational productive systems and the global; and (2) the role of local and regional levels in national systems of regulation. Both approaches focus on the (economic) space in which a mode of regulation must operate to secure the conditions for relatively stable capital accumulation to occur. Is this global capitalism, transnational spaces constituted in and through the activities of multinational firms, plurinational productive systems, economic or social formations whose boundaries coincide with a national state, regional armatures, particular economic branches, sectors or commodity chains, local economies or firms?

Posing this question shows both that the micro–macro distinction is always relative and that it continually re-emerges as the analytical focus is redefined. The most difficult issue in this context is how to explain the relative stability of the world market in regulationist terms (see also Chapter 9).

Early regulationist work pursued two solutions to such problems. One solution provides a bottom-up account of how macro-order emerges. Lipietz developed this elegantly and forcefully in terms of the evolutionary mechanisms of variation, selection and retention. He stressed that ‘the history of capitalism is full of experiments which led nowhere: aborted revolutions, abandoned prototypes and all sorts of monstrosities’ (1987a: 15). He also cautioned against reifying processes or systems such as imperialism because these are at best merely partial and incomplete totalizations of the complex of economic relations on a world scale. His own analysis of imperialism therefore started from the diversity of national formations and argued that the changing imperialist system is a contingent historical outcome of diverse national strategies and relatively autonomous processes that operate in a space that is plurinational, international and transnational. While noting the difficulties in the one-sided privileging of the national or international, Lipietz concluded that ‘in reality struggles and institutional compromises take place mainly in the national framework, and thus methodological priority should be placed on the study of each particular social formation together with its external linkages’ (1986a: 22). Elsewhere he also noted that cohesion emerges from the coevolution of different partial modes of regulation that happen to work together within the limits of compatibility implied in at least one possible reproduction schema (1987a: 19–21). More recently, however, he has highlighted the problems that have weakened European economic performance because of the lack of an appropriately expansive continental mode of regulation (2001).

The other approach allows for macrostability imposed at least in part from the top down. No regulationist argues that the capitalist world system has a totalizing logic that allots a definite place to specific economic spaces in the manner of Wallerstein’s ‘world system’ approach (1974, 1980a, 1980b). Some do argue that certain economic spaces are more dominant than others and have the structural power and/or strategic capacities to impose their preferred mode of regulation on the world market. In (proto-)regulationist terms, this view was advanced by the ‘other’ Grenoble school, that is, the group linked to Palloix and Perroux, which included the early Aglietta. It argued that periods of stability in the world economy were linked to the hegemony of an économie dominante, which imposed its accumulation strategy on other economies (for example, Aglietta 1975). Similar views are found among regulationists who assume that postwar growth was based on the strategic export of the Fordist model by the United States and/or its
adoption elsewhere because of competitive pressures from the American model. The Amsterdam school also belongs here insofar as it explores how CCCs are projected onto an international terrain through a transnational bourgeoisie and its associated states. As competing concepts circulate on a supranational political terrain there are periods of relative integration (for example, liberal internationalism, postwar corporate liberalism) and others when a prevailing global order decomposes into opposed blocs (for example, interwar protectionist state monopoly capitalism) (cf. van der Pijl 1984, 1989b).

There are also two main solutions to the societal version of the micro–macro problem. The first relies on historical blocs. In orthodox Marxist terms, this involves examining the relation between the economic base and its supposed political and ideological superstructures. An alternative solution, influenced by Gramsci among others, refers to the complex separation, compenetration, and articulation of economic, political and ideological institutions and forces that result in a relatively coherent and stable ‘bloc’ whose reproduction in and through ‘small’ crises and relatively institutionalized class conflict stabilizes its decisive economic nucleus (Chapter 12). This solution involves the more general question of societalization, that is, how different institutional sites and/or partial modes of regulation and/or specific social and structural forms are linked to produce the ‘society effect’. In both cases the state is accorded a crucial role as the most important factor of social cohesion or regulation in national societies. Indeed it is often implied that that state can assign the appropriate role to partial modes of regulation within an overall strategy.

We deny the existence of a simple micro–macro split in favour of multiple sites of regulation that can be articulated in various ways and at different levels. We also stress the diversity and contingency of regulation and the contingent interaction of different partial modes without positing one site as necessarily crucial (cf. Wickham 1984). Thus we would define a global regulation strategy as a strategy that attempts to subdivide and articulate a number of smaller sites of regulation (social forms, structural forms) within its orbit in order to structure the possible field and scope of action on the smaller sites. These smaller sites nonetheless continue to have an independent existence and to constitute potential sites of structural recalcitrance and/or social resistance to the global strategy. Different global strategies will seek to articulate different smaller sites so that the global sites on which these strategies will operate will also differ. In this context the notion of global must be understood relatively; that is, a strategy is global only in relation to its own smaller sites. A global strategy may itself constitute a ‘smaller’ site for an even more ambitious strategy.

This means that there is no univocal macronecessity in social regulation. Nor is there any a priori reason to view societies, plurinational productive systems or a global economy as the essential site of macroregulation (or, in more recent parlance, albeit with different theoretical and political connotations, macrogovernance). At most there are attempts to constitute contingently necessary regulatory systems on different sites and in relation to different sets of smaller, more partial regulatory practices. Alternative global strategies will condense and transform different sets of conflicts and contradictions in and through a mode of regulation whose precise nature will vary according to the problems it confronts. We must therefore think of a plurality of possible regulatory strategies even within the framework of one national state, whose precise character, social boundaries, cohesive capacities and dynamics will differ according to which global strategy (if any) becomes dominant. And, insofar as one really can posit a world order or system, this could never be more than an emergent, contingent, provisional and unstable result of various global strategies on a complex international and transnational terrain with different types of world order as their ultimate objective.

FORDISM, POST-FORDISM AND THE STATE

We now describe the advanced capitalist state’s role in the transition from Fordism to post-Fordism (on East Asian states and the transition between phases of exportism, see Chapters 5 and 6). We assume that, since economic activity is both socially embedded and socially regulated, we should focus on the state’s role in the expanded economic and social reproduction of capitalism or, to paraphrase Gramsci, the ‘economy in its inclusive sense’. This can be defined as comprising an ‘accumulation regime + mode of regulation’. The state has two key roles in this regard: first, helping to secure the conditions for valorization or, more simply, securing the conditions for the overall profitability of private capital; and, second, helping to secure the reproduction of labour power considered as a fictitious commodity. In regulationist terms, it is plausible to expect that different accumulation regimes will be associated with different ways in which the state secures these two basic functions (cf. Lipietz 1992b: 182). Moreover, as indicated in the preceding section, we should also pay attention to the scale(s) on which the state formulates and implements policies that support the reproduction of the capital relation and help to secure the conditions for social cohesion in class-divided societies.

In this context we suggest that, whereas Fordism was characterized by a Keynesian welfare national state (KWNS), post-Fordism involves a
Schumpeterian workfare postnational regime (or SWPR). These are now Jessop’s preferred designations for the two state forms he earlier called the Keynesian Welfare State and the Schumpeterian Workfare State (1993). The first term in these concepts refers to the distinctive form of state economic intervention characteristic of a given mode of social regulation, the second refers to the distinctive form of social intervention favoured by the state, the third to the primary scale, if any, on which these functions are determined, and the fourth to the principal mode of compensating for market failure. We now explore these contrasting forms of state in more detail.

The KWNS became dominant in North Western Europe, North America, Australia and New Zealand during the 1950s to 1970s and was a key structural support of the long postwar Fordist boom. It entered into crisis along with its associated accumulation regime. In abstract terms, its distinctive objectives regarding economic and social reproduction were to promote full employment in a relatively closed national economy primarily through demand-side management; and to generalize norms of mass consumption through welfare rights and new forms of collective consumption. In terms of spatial scale, policy was formulated primarily at the national level and aimed at the national economy as the primary object of regulation. But the state was also concerned to manage the insertion of the economy into the wider international economy and to regulate subnational economic and social spaces. In this sense, as Boyer and Hollingsworth note, while national Fordisms were ‘doubly embedded’ in the international and regional–local scales, the national scale was the primary axis around which a coherent Fordist mode of regulation was organized (1997b: 436–8, 468–70). Finally, state institutions (on different levels) were the chief supplement and corrective to market forces in a ‘mixed economy’ concerned with economic growth and social integration. The concrete forms of the KWNS and its pursuit of these functions varied across cases and provide an additional basis for categorizing varieties of capitalism in regulationist terms. Nonetheless, as the crisis of the KWNS unfolded and efforts to restore the conditions for postwar growth through economic austerity and social retrenchment failed, emphasis shifted to attempts to restructure and reorient the state in the light of significantly changed perceptions of the conditions making for economic expansion.

The crisis in Fordism and its KWNS did not lead immediately to a post-Fordist state. Instead features of the KWNS were intensified and complemented by further measures to sustain the Fordist dynamic. This was reflected in some cases in efforts to promote full employment despite stagflationary tendencies and maintain welfare commitments despite tendencies towards a fiscal crisis; and, elsewhere, there was growing emphasis on economic austerity and social retrenchment to squeeze out inflation and reduce public spending. Which response predominated depended on state capacities and the prevailing balance of forces (cf. Clarke 1988b; Keman and Whitely 1987; Scharpf 1991). In all cases there was a conjunctural transformation of the Fordist state rooted in its efforts to manage Fordist crises and limit their repercussions on its own organization and unity. When this did not restore conditions for Fordist accumulation, triggering a crisis of (and not merely in the KWNS), economic and political forces stepped up the search for a new state form that could solve the contradictions and crises of Fordist accumulation and restabilize the economic and political systems. This leads to a structural transformation and fundamental strategic reorientation of the capitalist type of state. Its tendential outcome can be termed the Schumpeterian workfare postnational regime (defined on pp. 109–10).

Three changes contributed to the decreasing congruence between Fordism and the KWNS in the 1970s and early 1980s. First was growing competitive pressure from NICs on low-cost, low-tech production and a corresponding effort in the advanced economies to specialize in new core technologies in order to maintain employment and growth (cf. Boyer 2000b 288–9; 2002g: 158–61). States have a key role here in technological intelligence, creating independent technological capacities, promoting innovative capacities and transferring technology and technical competence so that many firms and sectors can benefit from the new technological opportunities created by R&D activities undertaken in specific parts of the economy (Chesnais 1986: 86; Willke 1997).

Second, with growing internationalization, states could no longer act as if national economies were effectively closed and their growth dynamic was autocentric. Small open economies in the circuits of Atlantic Fordism had already faced this problem; so had East Asian newly industrializing economies (Chapter 5). Now even large, previously relatively closed, economies have become more dependent on the global circuits of capital. Key macroeconomic policy instruments associated with the relative closure of Fordist economies have therefore lost their efficacy in securing such postwar policy objectives as full employment, economic growth, stable prices and sound balance of payments. Moreover, as national forms of money were subordinated to international currency flows and as wages came to be seen as international costs of production rather than sources of national demand, the domestic premises of Keynesian welfareism were called into question. Thus almost all states have become more involved in managing the process of internationalization itself in the hope of minimizing its harmful domestic repercussions and/or of securing maximum benefit to its own home-based transnational firms and banks. Among activities included here are introducing new legal forms for crossnational cooperation...
and strategic alliances, reforming international currency and credit systems, promoting technology transfer, managing trade disputes, developing a new international intellectual property regime, or developing new forms of regulation for labour migration. This has led to the paradox that, as states lose control over the national economy, they are forced to enter the fray on behalf of their own multinationals.

Third, as the dominant technoeconomic paradigm shifts from Fordism to post-Fordism, the state's primary economic functions get redefined. Fordism was associated with a primary concern with national demand management and with generalization of mass consumption norms. This reflected the belief that Fordist mass production was supply-driven and could only be profitable when high levels of demand were maintained and markets for mass consumer durables expanded (Chapter 2). The class compromise supporting the KWNS also encouraged such economic intervention. But the transition to a post-Fordist paradigm is prompting a reorientation of the state’s primary economic functions. For the combination of the late Fordist trend towards internationalization and the post-Fordist stress on flexible production has encouraged states to focus on the supply-side problem of international competitiveness and to attempt to subordinate welfare policy to the demands of flexibility.

Given these changes, a new state form would seem to be appropriate to the reregulation of an emerging accumulation regime. This is the Schumpeterian workfare postnational regime. Its distinctive economic objective can be summarized in abstract terms as to promote product, process, organizational, and market innovation and enhance the structural competitiveness of open economies mainly through supply-side intervention (Jessop 1993: 9; 1994: 263; cf. Boyer on the shift from the ‘Fordist, Keynesian wage-earner state’ to the ‘lean Schumpeterian state’, which ‘seeks to encourage enterprise, foreign investment and innovation’, 2000b: 293). Likewise, its key social objective is to subordinate social policy to the demands of labour market flexibility and structural competitiveness, including putting downward pressure on the social wage as an international cost of production (Moulaert and Wilson 1983a; Jessop 1993: 9; 1994: 263; cf. Boyer’s argument that the reorganization of other structural forms in the mode of regulation puts the wage–labour nexus under intense pressure to increase flexibility and privatize social security, 2000b: 293). The new state form has also been ‘hollowed out’ (Jessop 1993) in the sense that an increasing range of important policy functions is now exercised above, below or transversally to the national state (see below). This can also be described as a postnational form of state (Jessop 2002: 193–212) or as a post-Westphalian state (Dehove 1997: 51–67). The fourth shift in this state form is the increasing importance of partnerships, networks and self-organization in the shadow of hierarchy in addressing problems of market failure (cf. Boyer’s prediction that there will be ‘a genuine social and political engagement of markets with networks, associations and local communities along with renewed state intervention’, 1996a: 86). This is why the state’s role in compensating for market failure can be described as a regime in contrast to the primacy of top down command in the mixed economy associated with Fordism (Chapter 8).

Such a state would be well suited to the task of regulating post-Fordism to the extent that its emerging functions resolve (or are held so to do) the crisis tendencies in the KWNS and help to secure the conditions for the post-Fordist virtuous circle to operate. For its strategic orientation to product, process, organizational and market innovation addresses the enormous ramifications of new technologies; its concern with structural competitiveness recognizes the changing terms and conditions of international competition as well as its increased significance; its restructuring and reorientation of social reproduction towards flexibility and retrenchment signifies its awareness of the post-Fordist paradigm shift as well as internationalization’s reversal of the primary aspects of the money and wage forms (from national money and source of demand in Fordism to international currency and cost of production, respectively, in post-Fordism); and its complex ‘hollowing out’ (or postnationalization) reflects the complex dialectic between globalization and regionalization. In this sense it marks a break with the KWNS as domestic full employment is deprioritized in favour of international competitiveness and redistributive welfare rights take second place to a productivist reordering of social policy. Thus it seems that the SWPR could prove structurally congruent and functionally adequate to post-Fordist accumulation regimes. While the distinctive features of the SWPR emerge most clearly in this rather Eurocentric contrast with the KWNS, there are partial East Asian parallels that developed in the absence of any KWNS (see Chapters 5 and 6). Indeed these latter examples were often taken as models for crisis-resolution in the West until the bursting of the Japanese bubble and the ‘Asian Crisis’ called their paradigmatic status into question.

To avoid a teleological analysis of the SWPR as the functionally necessitated complement to an emergent post-Fordist labour process, regime of accumulation, or social mode of economic regulation, we must undertake more concrete–complex analyses of Fordist modes of growth and more substantive work on the crisis tendencies in KWNS as a political regime. A more detailed analysis would need to explore (1) the structural coupling between each type of Fordism and its national state, any resulting problems and crisis tendencies; (2) the implications of each local or national configuration for the forms of economic and political struggle over crisis resolution; (3) the path-dependency of the trajectory out of crisis that emerges in and through such struggles; and (4) the problems that arise
when the previous state form lacks the capacities to manage the transition (see also Chapter 2).

**VARIETIES OF SWPR STRATEGY**

The motley diversity of political regimes will not disappear with the transition to post-Fordism, for there is much improvisation and trial-and-error involved in the current transition as well as a continuing need to adjust policies to the changing balance of forces and new structural and/or conjunctural problems. The emerging SWPR could take neo-liberal, neo-corporatist and neo-statist forms depending on institutional legacies and the balance of political forces. One or other line tends to be hegemonic (or at least dominant) in specific countries and other strategic elements tend to align with this under pressure from the structural coupling and coevolution of different structural forms and within the limits of market, network and state failure. There is also limited scope for neo-communitarianism as a supplementary or flanking strategy, especially in the margins of society where the effects of market, network and state failure are frequently displaced (Chapter 8).

**Neo-liberalism** is primarily concerned to promote a market-guided transition towards the new economic regime. For the public sector, it involves a mixture of privatization, liberalization and adopting commercial criteria in the residual state sector; for the private sector, it involves deregulation and a new legal and political framework (or *Ordnungspolitik*) to provide passive support for market solutions. In particular, neo-liberalism leads to government promotion of ‘hire-and-fire’, flextime and flexi-wage labour markets; growth of tax expenditures steered by private initiatives based on fiscal subsidies for favoured economic activities; and the reorientation of state activities to the needs of the private sector. Coupled with this is a rejection of social partnership arrangements in favour of managerial prerogatives, market forces and a strong state. It involves a cosmopolitan approach that welcomes internationalization even when this conflicts with the creation and/or maintenance of a coherent national industrial core that can provide an enduring base for international competitiveness. Innovation is expected to occur spontaneously through the liberation of entrepreneurs’ animal spirits as they exploit the new market orientation and incentives. Although it is sometimes said to involve a return to the free market and the liberal state, the neo-liberal strategy not only involves strong state action during the transition in order to restructure markets but continues to require state intervention to compensate for new forms of market failure and growing polarization and social exclusion.

**Neo-corporatism**, along with corporatism, relies on *ex ante* concertation of the economic decisions and activities of private economic agents oriented to their own economic interests. Nonetheless neo-corporatist arrangements must reflect the expansion of relevant interests in policy communities and stakeholders as well as the increasing heterogeneity of the labour force and labour markets. Moreover, whilst earlier KWNS corporatist arrangements arose from concern with full employment and worries about stagflation, neo-corporatist arrangements in the emerging SWPR are more directly and explicitly oriented to innovation and structural competitiveness. Thus neo-corporatist concertation often extends beyond the organizations of capital and labour to include other policy communities representing distinct functional systems (such as science, health, education) that bear on these concerns. Likewise policy implementation could be made more flexible through the extension of ‘regulated self-regulation’ and private interest government so that greater freedom exists on the ‘supply side’ (cf. Streeck and Schmitter 1983). In the field of industrial and incomes policies, corporatist arrangements could become more selective (for example, excluding some previously entrenched industrial interests and more peripheral or marginal workers, integrating some ‘sunrise’ interests and giving more weight to core workers); and, reflecting the more flexible forms of the post-Fordist economy, the centre of corporatist gravity will shift to the microlevel away from macroeconomic concertation. This is seen in the growth of social pacts and territorial pacts at subnational level. The state is involved in promoting neo-corporatism just as it does neo-liberal or neo-statist approaches. But it is more concerned to back or support the decisions reached through corporatist negotiation than to pursue neo-liberal disengagement and/or to resort to active state initiatives along neo-statist lines; and compliance with state measures is voluntary and/or depends on actions taken by self-regulating corporatist organizations endowed with public status.

**Neo-statism** is primarily concerned to promote a state-guided approach to economic reorganization through intervention from outside and above market mechanisms. There is little or no consultation with organized economic interests and intervention is based on the state’s powers of *imperium* (imperative coordination) and/or *dominium* (its own economic resources and/or activities as one economic actor among others) (cf. Daintith 1985). It involves a mixture of decommodification, state-sponsored flexibility and state activities concerned to secure the dynamic efficiency of a profitable economic core at the local, regional and/or national levels. In particular this is associated with an active structural policy in which the state sets strategic targets for flexible accumulation, continuous innovation and the promotion of the overall structural competitiveness of the national economy – often at the expense of an enhanced level of uneven development. It pursues an
active labour market policy to reskill the labour force and ensure a flexiskill rather than flexiprice labour market; it intervenes directly and openly to restructure declining industries and to promote sunrise sectors; and it engages in societal guidance strategies to promote specific objectives through concerted action within varied policy communities which embrace public, mixed and private interests. These activities aim to move the economy up the technological hierarchy by maintaining a coherent and competitive industrial core and pursuing a strategy of flexible specialization in specific high-technology sectors. The state must become flexible because of the openness of post-Fordist economies and the rapid changes involved in flexible accumulation.

Neo-communitarianism involves a more decisive break with the KWNS. For, whereas there were liberal, corporatist and statist variants of Atlantic Fordism, the latter’s growth dynamic undermined the sort of social economy favoured by communitarians (Carpi 1997). But the after-Fordist crisis and emerging post-Fordist economy both offer considerable scope for its expansion. Nonetheless this involves significant ambiguity in its potential contribution, for it is promoted as a flanking or supporting measure for neo-liberalism as well as an alternative to all forms of capital-friendly economic and social policy. Neo-communitarian strategies stress the contribution of the ‘third sector’ and/or the ‘social economy’ (both located between market and state) to economic development and social cohesion and the role of grassroots (or bottom-up) economic and social mobilization in developing and implementing economic strategies. They also emphasize the link between economic and community development; the contribution that greater self-sufficiency can make to reinserting marginalized local economies into the wider economy; and the role of decentralized partnerships that embrace not only the state and business interests but also diverse community organizations and other local stakeholders.

Elements of these strategies can certainly be combined. This can be seen at all levels of political intervention. In the European Union, for example, we find (1) a single market strategy premised on a neo-liberal approach to competitiveness – creating a Europe-wide market through liberalization, deregulation and European integration; (2) a neo-statist strategy to coordinate transversal, multiscalar networks with variable geometries across different levels of government in different states – and which may also mobilize the resources and capacities of semi-public and private agencies such as educational bodies, research institutes, enterprises and banks in order to promote new technologies, technology transfer and so on; and (3) a neo-corporatist strategy oriented to a Social Charter and, latterly, the consolidation of the European Social Model, which will prevent ‘social dumping’ and thereby underpin attempts to reskill and retrain workers in the interests of more flexible, responsible work (see Teague and Grah1 1991; Falkner 1998; Overbeek 2003; Jessop 2004c). These may not be inconsistent. Indeed the European Commission once argued (perhaps with elements of special pleading or political judg) that the neo-liberal elements of the structural competitiveness strategy were its catalysts and the neo-statist elements its accelerators. It added that aspects of the neo-corporatist project were perquisites of structural adjustment and enhanced competitiveness because they promoted economic and social cohesion (European Commission 1991: 23).7 Similar arguments could apply to contemporary strategies and, indeed, the Amsterdam school would interpret the hybrid character of these strategies in terms of the institutionalized compromises necessary for a new neo-liberal, transnational comprehensive concept of control (van Apeldoorn 1998, 2002).

Mixed strategies are also found inside each European state (on Britain and Germany, see Chapter 4). Thatcherism prioritized neo-liberalism, for example, but did not totally reject other strategies. Central government programmes (admittedly on a small scale) were oriented to technology transfer and research into generic technologies; and, notwithstanding blanket hostility to tripartite corporatism and national-level social partnership, this promoted enterprise corporatism and a ‘new realism’ on the shop floor. Moreover, while central government was in retreat, there was a real proliferation of regional and local economic development initiatives along (often ineffective) Schumpeterian workfare lines. Under Labour-led local authorities these were often run on neo-corporalist or neo-statist lines, whilst Conservative authorities inclined more to neo-liberalism or neo-corporatism without organised labour. ‘New Labour’ under the leadership of Tony Blair, however, has reinforced the neo-liberal policies inherited from Thatcherism (see Jessop 2003b).

There are often good reasons for such variety – notably differing local conditions best dealt with close up. But it is also important that central government coordinates and supports such efforts. Effective ‘decentralization on a territorial basis requires an adequate allocation of responsibilities between communal, regional and national authorities as well as a proper coordination of their actions’ (Perrin 1988: 422; cf. Chapter 8 on metagovernance). This is especially important where economic initiatives involve not only different tiers of government but also business associations and private bodies. Thus it is essential to establish new institutional arrangements and allocate specific roles and complementary competences across different spatial scales and/or types of actor and thereby ensure that the dominant strategic line is translated into effective action (cf. Fox Przeworski 1986: 428; Perrin 1988: 423; Kawashima and Stöhr 1988). Without such coordination, top down policies can lead to implementation
failure and bottom-up policies to wasteful and ineffective ‘municipal mercantilism’ (cf. Young 1986: 446; Fosler 1988). New forms of coordination can also emerge. Thus Fox Przeworski notes how ‘local authorities are “coordinating from below”, packaging available programmes to make them more accessible to their constituencies and integrating an array of assistance from various sources within a local development strategy’ (1986: 425). And Ernste notes that Swiss regional policy has been reoriented toward innovation and restructuring with strong federal support for ‘bottom-up’ coalitions among local communities that include various groups and emphasize local feasibility (1991: 16). More generally, we should note that strategies cannot be chosen at will but have specific conditions of existence both in the industrial and political legacies of different societies and in the current balance of forces. Success will also depend on the complementarities that exist among different national strategies within the world market.

MORE ON POSTNATIONALIZATION (OR ‘HOLLOWING OUT’)

These changes also have implications for the scalar organization of the state. For, in response to the trends toward internationalization and globalization, we can see the formation of supraregional triad economies, the re-emergence of regional and local economies within the national state, and new forms of cross-border cooperation. This is associated with the increasingly multiscalar or ‘nested’ nature of the economic spaces as well as of the structural forms involved in regulation compared to the primacy of the national scale under Atlantic Fordism while still being embedded in international regimes and having important subnational relays and supports (cf. Boyer 1997c: 42–3; Boyer and Hollingsworth 1997b; and Chapter 8). In this context, the original version of this chapter referred to the ‘hollowing out’ of the national state by analogy with the ‘hollowed out’ corporation (Jessop 1993; cf. 1994). This was often misread as indicating the demise of the national state. Yet the ‘hollowed out’ corporation is one that retains its core communication, control, command and intelligence operations at the centre. This analogy holds for the national state too. It is therefore more appropriate, especially when the scalar turn has been taken, to refer to the ‘postnational state’ (Jessop 2002) and to emphasize the importance of interscalar articulation (Chapters 5, 6 and 9). Both terms refer to the process whereby state powers and capacities are delegated upwards to supraregional or international bodies, downwards to regional or local states, or outwards to relatively autonomous crossnational alliances among local states with complementary interests (Boyer and Hollingsworth refer only to a ‘double shift’ or ‘two-sided movement’ away from the centrality of the national state, that is, upwards and downwards, 1997b: 464–7; cf. Boyer 2002b: 7). But national states remain the most significant site of struggle among competing global, triadic, supranational, national, regional and local forces and also attempt to retain an important role in interscalar articulation (cf. Boyer and Hollingsworth on alternative ways in which ‘nation-states’ may seek to manage the intertwining of economic and political institutions and activities at the subnational, regional, national, continental and global levels, 1997b: 474–6). They also retain a key role in maintaining social cohesion. Nonetheless, national states’ capacities to reverse the transfer of powers upwards will vary with the size and importance of national states – with smaller states having less power in this regard than the United States, China, Japan or the major EU powers (Chapter 9). We now review this ‘postnational’, ‘hollowing out’ process.

First, the role of supranational state systems is expanding. This holds not only for bodies such as the European Union but also for other continental, macroregional and transnational bodies. Such bodies are not new in themselves. What is significant today is the sheer increase in their number, the growth in their territorial scope, and their acquisition of important new functions. In turn this reflects the gradual emergence of world society rooted in a growing number of global functional systems (economic, scientific, legal, political, military, etc.) and in wider recognition of the global reach of old and new risks. One of the most significant areas of functional expansion is supranational bodies’ concern with structural competitiveness in the territories and economic spaces that they govern. This goes well beyond concern with managing international monetary relations, foreign investment, or trade to encompass a wide range of supply-side factors, extra-economic as well as economic.

Second, we find a stronger role for local states and local governance. This is as much a reflection of growing internationalization as it is of the economic retreat of the national state (Moulaert and Wilson 1983b). For economic globalization means that ‘the local economy can only be seen as a node within a global economic network (with) no meaningful existence outside this context’ (Amin and Robins 1990: 28). Thus, in contrast to the Fordist years in the USA, when individual American states simply competed to attract jobs from each other within an autocratic mode of growth, today’s central concern is ‘how state [that is, non-federal] institutions can shape regional economies to make them more competitive in the new world economy’ (Fosler 1988: 5). During the Fordist era, local states operated as extensions of the Keynesian welfare national state, and regional policy was primarily oriented to the (re-)location of industry in the interests of spreading full employment and reducing inflationary pressures due to...
localized overheating (for example, Martin and Hodge 1983; Markusen 1980, 1987; Soja 1985; Ernest 1991). Thus local states provided local infrastructure to support Fordist mass production, promoted collective consumption and local welfare state policies, and, in some cases (especially as the crisis of Fordism unfolded), offered subsidies to attract new jobs or prevent the loss of established jobs.

During the crisis of Fordism and the transition to post-Fordism, however, local state economic activities turned to economic regeneration and, later, social exclusion. Local states promoted regional labour market policies, education and training, technology transfer, local venture capital, innovation centres, science parks, cultural policy and so on (for example, Benko and Lipietz 1992; 1999; Cappellin 1992; Esser and Hirsch 1989; Krätke 1991; Eisenschitz and Gough 1993; Glasson 1992; Boyer 1997c; Heeg 2001; Jessop 2002; Brenner 2004). This has been linked to reorganization of the local state as new forms of partnership emerge to guide and promote the development of local resources. For technology policy involves more than a ‘technical fix’ and is inseparable from the other fields of public policy that we have just noted (Nijkamp and Stöhr 1988: 371). Thus local unions, local chambers of commerce, local venture capital, local education bodies, local research centres and local states may enter into various arrangements to regenerate the local economy. This trend is reinforced by the central state’s inability to pursue sufficiently differentiated and sensitive programmes to tackle particular problems in particular localities. It therefore devolves such tasks to local states and then provides general support and resources. More optimistic accounts saw this trend leading to a confederation of job-creating, risk-sharing local states rooted in strongly regional economies that provide reciprocal support in the continuing struggle to stay competitive (for example, Sabel 1989). But more pessimistic scenarios anticipated growing polarization in localities and increased regional inequalities. This is certainly the case for the predominant neo-liberal strategy (for example, Peck and Tickell 1992, 1995).

Third, closely connected to these two changes, links among local states are growing. Dyson noted that, since the 1970s, there ‘has been the erratic but gradual shift of ever more local authorities from an identification of their role in purely national terms towards a new interest in trans-national relationships’ (Dyson 1989: 1; cf. Cappellin 1992). In Europe, this involves both vertical links with EC (later EU) institutions, especially the European Commission, and direct links among local and regional authorities in member states. There is also growing cooperation among local states in Canada and the USA (especially following the Free Trade Agreement), among cities in trans-border metropolitan regions between Mexico and the USA, and among city governments in different provinces or states within both Canada and the USA (Perkmann and Sum 2002; Jessop 2003b). This third trend leads to ‘perforated sovereignty’ such that national territories become more open to trans-sovereign contacts and ‘paradiplomacy’ among subnational governments (Duchacek 1990; Acedo and Keating 1999). All three postnational developments make it even more imperative that mechanisms of metagovernance exist to ensure a modicum of coherence among economic and political strategies across different economic and political spaces at the same time as they enormously complicate the delivery of this these mechanisms and practices. In this context it is often the national state that plays a key role in the interscalar articulation of different government and governance mechanisms (see Jessop 2002 and Chapters 8 and 9).

CONCLUSIONS

This chapter draws on an earlier critique of regulationist analyses of the state (Jessop 1990a) that was omitted from Chapter 1 and on two novel regulation-theoretical analyses of the shift from what we now term KWNS to the SWPR (Jessop 1986b, 1993). These last articles were published during a phase of transition, experimentation and strategic intervention, and caution was needed in dealing with the future of the welfare state. Even ten years later the likely final form of any post-Fordist regime of social reproduction (whether welfarist or workfarist in character) could be seen only in broad outlines and clearly varied from society to society (Jessop 2002). In part this is because the analysis that we have presented focuses on the economic moments of the form and function of the capitalist state and has not developed an integral analysis that gives due weight to the state’s distinctive capacities and operational autonomies as well as its embedding within the wider social formation. In this sense, our analysis has moved some way along the abstract–concrete economic dimension of an integral analysis but has not yet expanded far along the simple–concrete axis to include other determinations of actually existing states in capitalist societies. We seek to go beyond this simple economic analysis in the chapters in Part II and discuss the more general theoretical and methodological issues involved in our chapters on critical realism and the potential contributions of Gramsci to regulationist analysis (Chapters 10 and 12, respectively).

One general conclusion is justified, however, even if it seems banal. If the wage form (even in its new, more flexible guise) continues to be the dominant social relation in capitalism, then there will still be a role for the welfare state or another form of welfare regime (suitably flexibilized) in reproducing wage labour and the wage form. ‘Capitalism,’ as Claus
Offe noted, ‘cannot coexist with, neither can it exist without the welfare state’ (Offe 1984: 153). Thus the crucial question is how the welfare state is being restructured and within what limits its role can be reduced (from a neo-liberal perspective) or expanded (from neo-statist or neo-corporatist perspectives) without seriously undermining structural competitiveness or blocking the transition to a post-Fordist labour process and accumulation regime that prioritizes the exchange-value moments of labour power, the money form, the enterprise form and competitiveness in the context of an increasingly integrated world market.

NOTES

1. Boyer rejects this claim because ‘the state totalizes a far more complex ensemble of social compromise than capital–labour relations alone’ (1990c: 15). He illustrates this from unpublished regulation work on how bourgeois–peasant political alliances in France slowed modernization and how French colonialism was based on an alliance between finance capital and the petty bourgeoisie. But Breton and Levasseur only criticized studies on the wage relation; and Boyer does not address the question of the state’s form and modus operandi.

2. While Hirsch confirms the importance of the state in regulation, he also argues, following Gramsci, that civil society is the more important institutional basis for hegemony (1992: 229).

3. Boyer hints at this in his call for second-generation work, suggesting that the state was the vector of the most important compromises at the societal level and that regulationists should take the state seriously as a political instance with differential effectivity in different crises and countries (1990a: 111).

4. Lipietz distinguishes an economic region from a regional armature. The former is a space ‘in itself’ that comprises a homogeneous area in which modes and forms of production are articulated. The latter is a space ‘for itself’ where the dominant classes of the local hegemonic bloc control their own political and ideological apparatuses enabling them to regulate on a local scale some social and economic conflicts. It differs from the national state in lacking a universalistic legal system, monetary unit and monopoly of violence (Lipietz 1994a: 25–6).

5. The state’s forms, functions and activities cannot be reduced to its role in regulating the economy in its inclusive sense (Jessop 1990b).


7. The labels attached to these elements are ours; the relevant EC Bulletin simply lists a range of policies and describes their respective roles.

4. Neo-conservative regimes and the transition to post-Fordism

This chapter examines the transition to post-Fordism in the United Kingdom and West Germany under the conservative regimes of Mrs Thatcher and Herr Kohl. It asks why this took the form of Thatcherism in Britain and why West Germany had no comparable regime (let alone one dignified with the label of Kohlism). We seek an explanation in two related sets of factors: (1) the modes of regulation and growth associated with Fordism in these societies; and (2) their state and political systems. These features shaped the crisis of Fordism in each country and framed the search for a post-Fordist accumulation regime. This explanation is not exhaustive (nor is it intended to be) and other matters are also relevant. But it is already more complex as well as concrete than the general analysis of the Fordist state in Chapter 3 and makes a further step in the development of a regulation- and state-theoretical approach to an integral economic analysis. Thus we give a brief account of Fordism, its crisis and the likely forms of post-Fordism; describe the specific forms assumed by Fordism in Britain and Germany; and explore the responses to the crisis of Fordism by the Thatcher and Kohl governments. We end with some general remarks on the importance for the regulation approach of developing an adequate account of the state and political power.

REGIMES OF ACCUMULATION

The RA asks how capitalism could survive even though the capital relation itself inevitably generated antagonisms and crises that made continuing accumulation improbable. It finds an answer in specific institutional forms, societal norms and patterns of strategic conduct that express and regulate these conflicts until the inevitable tensions and diversions among these various regulatory forms reach a major crisis point (Boyer 1990a: 48–60; cf. Lipietz 1987a; 1988). Three key concepts here are ‘regime of accumulation’, ‘mode of growth’ and ‘mode of regulation’. An accumulation regime comprises a specific pattern of production and consumption considered
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in abstraction from the existence of specific national economies. A national mode of growth comprises the pattern of production and consumption of a national economy in the context of its role in the global division of labour. Relatively stable accumulation and modes of growth involve a contingent, historically constituted and societally reproduced fit between patterns of production and consumption. Their basic features include the conditions governing the use of labour power, the features of the wage relation, the dynamic of investment and forms of competition, and monetary and credit systems (Mazier et al., 1984: 9). A mode of regulation comprises ‘the totality of institutional forms, networks, and norms (explicit or implicit), which together secure the compatibility of typical modes of conduct in the context of an accumulation regime, corresponding as much to the changing balance of social relations as to their more general conflictual properties’ (Lipietz 1988: 30). The state and government policy are key aspects of a mode of regulation and therefore have crucial roles in responses to crisis both nationally and internationally.

**Fordism**

Fordism can be analysed as a labour process, an accumulation regime, a mode of growth, a mode of regulation or a mode of societalization (Chapter 2). Given our concern with the radical break instituted by Thatcherism and the resort to policy corrections in the German Wende (turn), we focus on the social and political aspects of national modes of growth and regulation and their insertion into the world market.

Fordism involves (1) the dominance of machine-paced, semi-skilled labour over skilled craft and non-Taylorized unskilled labour; (2) managerial concern with the scientific organization of the collective labour process in an enterprise rather than with the fragmented labour of deskilled individual workers (i.e., the primacy of Fordism over Taylorism); (3) development of mass production – notably in the consumer goods sector but also in some capital goods branches – based on a dedicated, serial production process (often coupled with the mechanization of transfer activities through moving assembly-lines, continuous flow production processes, etc.); (4) collective bargaining over wage rates (tied to inflation and/or productivity) and working time, so that firms can better forecast wage costs and consumer demand; (5) mass consumption of standardized, mass-produced commodities and/or state-financed and/or provided collective consumption of goods and services as opposed to the consumption of non-standardized, typically handmade or artisan-produced commodities and/or home-produced goods and services; (6) the central role of mass consumption in integrating the circuit of capital so that the expansion of the capital and wage goods sectors are mutually reinforcing; (7) monopolistic regulation based on rigid ‘mark-up’ pricing rather than liberal, flexiprice product markets – coupled with exit from obsolescent product lines to new production techniques and products; (8) the central role of private and public credit in validating full employment levels of demand; (9) key roles for the state in adapting markets to the rigidities of Fordist mass production and securing stable, calculable growth to encourage investment; and (10) welfare state involvement in establishing a minimum social wage, generalizing mass consumption norms, and coordinating the capital and consumer goods sectors.

Regulationist studies suggest that accumulation depends on specific but contingent balances among the moments in the circuit of capital. In general, Fordist growth depends, first, on distributing revenue between profits and wages so that the balance between mass production and mass consumption can be maintained; and, second, on preventing any tendential increase in capital intensity of Fordist production techniques from being reflected in a fall in the overall rate of profit – typically because productivity has failed to keep pace. This means, as Boyer and Coriat (1987) have shown, that wage indexing must be neither too high nor too low relative to increasing returns to scale, the propensity to consume and the relation between investment and demand. If it is too high, profits and investment fall; if it is too low, the mass demand to spur investment will prove too weak (cf. Bowles and Edwards 1985; Przeworski 1985; Lipietz 1987a). Fordism thrives best where firms adopt oligopolistic pricing (which finances investment) and wages are tied to productivity so that mass consumption can also expand (Boyer and Coriat 1987; Hurtienne 1986).

**The Crisis of Fordism**

The crisis of Fordism is evident at all four levels and has various economic, political and social causes. The more one moves from the labour processes to broader aspects of the mode of regulation, the more political and social factors become central in explaining the forms of the crisis of Fordism. We deal later with these factors for the British and West German modes of growth and regulation and focus here on two sets of limits grounded in the labour process.

First, there were technical limits to the introduction of rigid fixed capital and the realization of economies of scale. Not all branches of production are amenable to Taylorism and Fordism and the scope for further productivity increases became relatively exhausted once these techniques had been generalized as far as possible. Moreover, once the postwar boom slackened, the limited forms of microflexibility even when coupled with demand management proved inadequate. Political commitment to full
employment also meant that ‘reserve army’ effects were limited to secondary markets and this delayed or halted the recovery of profits during downturns (Boyer and Coriat 1987). In addition, with growing internationalization of production as well as capital flows and trade, it became harder to close the virtuous circuit of mass production and mass consumption within national economies. With the onset of stagflationary tendencies and the global crisis of the postwar capitalist regime, international competition led to austerity and counterinflationary strategies that interrupted the old mass production–consumption cycles. Second, there was growing working class resistance to the Taylorist and Fordist production process. This also spread to other sectors. This was reflected in growing absenteeism and labour turnover, a worsening rate of manufacturing defects, more frequent but often localized strikes with fundamental repercussions for the overall continuity of production, and the growth of disputes and strikes over issues other than the abstract, universal categories of money and time (Albers et al., 1976; Crouch and Pizzorno 1978; Mazier et al., 1984: 32–3; Hirsch 1985).

These problems prompted a search for new forms of production that could overcome the rigidities of Taylorism and Fordism and also counteract working class resistance. These responses initially followed the Fordist pattern (for example, job enrichment or bureaucratic controls) but post-Fordist responses became more important with the move to automation and robotization and, accompanying this, attempts to recompose the labour force (Hirsch 1985; Kundig 1984; Mazier et al., 1984: 294; Morville 1985; Roobeek 1987).

**Post-Fordism**

The crisis of Fordism involves more than the forces of production or profitability. Much more fundamental is capital’s inability to create a new accumulation regime with appropriate institutional forms, social relations and balance of social forces. Only when a new ‘historical bloc’ (Gramsci 1971; Chapter 12) is consolidated can accumulation (using both new and old technologies) enjoy a further long wave of expansion. Thus the novelty of post-Fordism involves not only the increasing flexibility of economic relations but also a changing state and the more general reorganization of social relations. This involves a search process rather than an automatic transition from one stage of capitalism to another. Post-Fordism will emerge from several distinct processes variously combined in different societies: technological change, decentralization of production, restructuring ‘sunset’ industries, expansion of the advanced tertiary sector serving industry (Regini 1986). Although it will inherit some features from Fordism, production will be reorganized and the labour force recomposed. And, of course, it will vary across countries just as Fordism did. There will be analogous shifts in modes of regulation and modes of societalization.

**The Role of the State in the Transition**

Corporate, managerial and political strategies in the transition to post-Fordism are oriented to securing greater flexibility through changes in technology, production, industrial relations, labour markets, taxation regimes, social security systems, the educational system and other key sites for economic and societal restructuring. Governments must also manage the economic and social costs of transition and the political repercussions of the crisis of Fordism. Just as Fordism’s emergence involved more than the diffusion of the American model and produced different national Fordisms, there will be different national roads from a given Fordist regime to a post-Fordist mode of regulation. Nothing guarantees that a given national economy will maintain its role or ranking in the changing international division of labour. Some economies will follow a logic of adhesion, others a logic of eviction.

States have adopted various strategies in managing the crises in/of Fordism and in promoting a transition to post-Fordism but these strategies are rarely coherent or unchanging. Even in periods of relative economic and social stability, the state’s unity is problematic; and its capacities to steer economic and social change are always limited. There is much trial-and-error improvisation in any transition and policies must be continually adjusted to the changing balance of forces and new structural and/or conjunctural problems. But four basic strategic lines can still be distinguished: neo-liberal, neo-corporatist, neo-statist, and neo-communitarian. Elements of these strategies can be combined in different ways but one is usually dominant, complemented or flanked by others. Nonetheless an effective transition presupposes the dominance of one or other line, appropriate to local conditions, with complementary and flanking strategies in support (Chapter 3).

**FORDISM IN BRITAIN AND GERMANY**

General models of (post-)Fordism have real limitations in comparative analysis. For each national mode of growth has specific features deriving from its own mix of Fordist and non-Fordist elements and its particular industrial and political profiles. This is why the RA moves from abstract–simple notions to more concrete–complex ones as it turns from theorizing the conditions of possibility of accumulation to stylized models of different
accumulation regimes and modes of regulation to analyses of specific national economies and their distinctive social integument. Each national economy also has its own specific mode of insertion into the international economic system and its forms of crisis and this is reflected in its tendency to ascend or fall in the hierarchy of nations (Mistral 1986). Britain and West Germany differ in regard to the overall nature of their national Fordisms and their international insertion. This has affected the forms of crisis and the forms of transition to post-Fordism.

**Flawed Fordism in Britain**

Fordism first struck firm roots in Britain in the 1930s, but the economic expansion and prosperity this brought to some regions and sectors only became general in the postwar boom. The extension of the Fordist wage relation was not so much rooted in the spread of an autocentric mass production system as in two other factors: the postwar settlement (1942–8) with its precocious commitment to full employment and universal welfare and the favourable economic conditions created by a shift in the terms of trade with less developed economies and by the sellers’ market created by economic growth in other advanced economies. The developing KWNS provided the political shell and organizing myth that consolidated a Fordist regime of sorts across most of British society.

Fordism’s extension in Britain was flawed at all three nodal points in the virtuous circle of mass production–high wages–mass consumption. Productivity did not increase as much as in other countries; the Fordist wage relation was defective; and mass consumption was financed through demand management and the social wage as well as productivity growth. The relative retardation of Fordist mass production was reflected not only in lower levels of productive investment but also in two other aspects of investment. It was more often ‘add-on’ in nature, that is, concerned to compensate for deficiencies in existing techniques and processes rather than to introduce entirely new processes and products. And British firms failed to reach the same levels of productivity from similar production processes, machinery, etc., achieved in other advanced capitalist economies. This failure becomes even clearer if one discounts the higher levels of productivity and investment that were obtained by incoming foreign concerns and/or from British firms setting up on greenfield sites. Its long-term impact was evident in recurrent balance of payments problems tied to poor productivity, inflation and progressive deindustrialization.

The voluntaristic collective bargaining system also caused problems for British Fordism. Trade unions were organized on overlapping craft, industrial and general lines and this resulted at plant level in multiunionism; employers’ associations at branch or industry level were weak, peak organizations lacked power and there was no overall peak organization for business. Private sector bargaining was decentralized, fragmented, informal, ad hoc and disorderly; its scope and outcome depended far more on the prevailing balance between ‘the two sides of industry’ than on any institutionalized procedures and rules of engagement. There was only a long-term and imperfect link between productivity increases and real wages; and labour market conditions had little impact on collective bargaining (cf., from a grenoblois regulationist perspective, Grando et al., 1980). In the short term, stagflationary tendencies became more marked. Increasing state intervention through wages policies (as often concerned to support the exchange rate as to further industrial policy) did not reverse this. Nor did growing centralization in the 1960s. Instead relative decline and global crisis together provoked greater conflict among all three social partners from 1969 onwards, prompting repeated attempts to reform industrial relations.

Third, the British state was committed, through the postwar settlement and the bipartisan consensus about jobs for all, to validating full employment levels of demand. Industry’s failure to complete a thoroughgoing Fordist transformation in relevant sectors was therefore reflected in a structural propensity to compensate for deficiencies in domestic production through the import of mass consumer durables. There was no compensating export of capital goods – indeed import penetration and export failure also increased here. An expanding welfare state aggravated these problems through increased public sector employment and an expanding social wage, both of which served to generalize Fordist mass consumption norms. Overall the economy was affected by rising unit wage costs, rising imports of mass consumer goods, expanding social expenditure and an emergent fiscal crisis.

This flawed Fordism was reinforced by the mode of Britain’s international insertion. British firms tended to look towards imperial markets in Africa and Asia and/or more slowly developing and fragmented markets (Latin America) when fast growth and more integrated mass markets were found in North America, Japan and Western Europe. This reinforced Britain’s traditional industrial profile and hardly encouraged modernization. These problems were aggravated by the dominance of financial capital within the market hierarchy in Britain and by governments’ concern to maintain the reserve and transaction roles of sterling even when this meant deflation. Modernization and growth policies were blocked by this external dependence. Conversely the weakness of Fordism led to payments problems that affected the City’s role and at one time seemed destined to restrict it to the overseas sterling area. The result was a gradual descent down the international hierarchy.
The crises that unfolded in the 1970s and 1980s in the British political economy involve more than the Keynesian welfare state (KWNS). They are rooted in the failure even to complete the transition to Fordism in key respects and the emerging crisis of Fordism on a world scale. Flawed Fordism had significant effects during the postwar boom and its collapse. First, because the boom years were mistakenly identified with the KWNS, efforts were made to shore this system up through corporatist bargaining over prices, incomes and productivity and through eleventh hour, state-sponsored Fordist modernization aimed at securing economies of scale through mergers, more stable growth through indicative planning, and reindustrialization through investment subsidies. But the corporatist strategies lacked a continuous tradition of social partnership instituted before the economic crisis, a corporatist social base in well-organized industrial unions and strong business associations, and corporatist structural supports. Likewise state intervention was attempted without first constructing an interventionist state with the strategic capacities to define, coordinate and implement a coherent industrial policy. Industrial policy for the purposes of Fordist modernization was too often confused with job preservation and/or regional policy and too often subordinated to exchange rate, fiscal and electoral priorities.

Second, flawed Fordism aggravated the impact of the second oil shock and the Thatcher government’s deflationary policies, leading to rapid deindustrialization and import penetration. This was very marked during 1980–81 when monetary policies, petrocurrency status for sterling and deflation put a severe squeeze on domestic manufacturing. But mentioning Thatcherism takes us too far ahead and we now deal with West German Fordism.

Export-oriented Flexi-Fordism in Germany

Fordism in West Germany also assumed a specific form rooted in its postwar economic, social, and political reconstruction and its subsequent insertion into the international economy. Whereas Britain survived the war undefeated and its organizational and institutional structures remained much the same, the occupying powers, led by the USA, presided over the reconstruction of West Germany’s industrial relations systems, unions, parties, governance and education. In addition, the future Federal Republic inherited a heavy industrial base that could only achieve full capacity if it found markets abroad.

The German postwar settlement differed significantly from Britain’s and was consolidated later (1949–52). The labour movement secured codetermination and worker participation but was also obliged to work within the limits of a strong market rationality embodied in the social market economy (soziale Marktwirtschaft). This involved the dominance of private sector capital, a key coordinating role for banking capital, only limited direct and open state intervention and a welfare state organized along corporatist rather than liberal lines. The distribution of powers between federal and regional (Land) government and the legally entrenched autonomy of the central bank (Bundesbank) made it hard for the federal state to engage in dirigisme and/or demand management. Nonetheless high levels of nominal taxation and access to Marshall Aid (together with counterpart funds) did enable the federal state to discriminate among economic activities via selective tax concessions and subsidies. The Erhard government encouraged investment, exports and capital formation in specific industries and, despite rhetoric to the contrary, penalized consumption (Abelshauser 1982: 49–51; Markovits and Allen 1984: 91–102; Deubner 1984: 519–23). This pattern of massive tax concessions and subsidies continued into the 1980s (Webber 1986a: 25–8).

Unions and employers’ organizations also won a central role in managing the wage relation. The industrial relations system was strongly juridified, had well-organized social partners (with a system of unitary industrial unions and highly organized employers’ bodies at regional and national level), and was committed to wage bargaining. Protected from state interference through the legal principle of Tarifautonomie, unions and employers met each other on two levels. While unions bargained over wages and hours at industry and regional levels, works councils (Betriebsräte) negotiated over conditions at plant level. The social partners consider conjunctural factors (especially export markets) as well as past productivity gains (Hager 1980: 6; Markovits 1986: 416–17; Streeck 1985: 16).

The postwar expansion of German industry was marked less by mass production of consumer durables than by an export-oriented capital goods sector. The latter’s growth and productivity depended less on Fordist economies of scale and the semi-skilled labour of the Fordist ‘mass worker’ than on technological rents and the skilled labour of Facharbeiter. Mass consumer durables (e.g., cars) penetrated the FRG more slowly than other big Western European countries and were important only from the mid-1960s (Deubner 1984: 510). The domestic consumer goods sector also lost out from economic internationalization, especially rapid import penetration (ibid.: 512). Initially sustained by an undervalued Deutsche Mark (DM), the export orientation later became structurally necessary. For West Germany’s industrial profile and production were oriented towards foreign markets and conversion to serve the home market would have proved difficult, especially as the capital goods sector was (and remains) so dominant (ibid.:
This sector lies at the centre of a relatively coherent industrial core (cf. Porter 1990). This core’s development was coordinated and, where necessary, ‘crisis-managed’, through three mechanisms: the system of universal banks, which controlled four-fifths of shares; formal cartels, cross-investment, interlocking directorates and subcontracting ties; and also, especially from 1966/7, regional and federal government action (Dyson 1986; Esser 1986; Webber 1986a). The state actively promoted modernization from the 1960s to maintain West Germany’s position at the top of the international hierarchy in civilian capital goods: it invested in nuclear energy, infrastructure, production technologies, industrial R&D, education, etc. (Hager 1980: 5). From 1966, there was also a shift to state sectoral intervention and a belated Keynesianism. Policy towards East Germany (Ostpolitik) also had important commercial as well as political implications. Finally, although they play no significant coordinating role (except in crisis-management cartels), trade unions recognized West Germany’s export dependence and generally backed modernization strategies aimed at maintaining a high-wage export-oriented economy (Deubner 1979).

The dominance of the capital goods sector (and export-oriented industries more generally) underpinned a virtuous circle in wage relations. Exports long maintained full employment, monopolistic pricing at home maintained profits, real wages tracked productivity and the social partners took account of the export market in collective bargaining (Hankel 1980: 29; Boyer 1986a; Markovits 1986).

The crisis in West Germany’s mode of growth also differed in form compared to the British crisis. It was that of a mature, export-oriented mode of growth rather than a flawed, uncompetitive Fordism. The first export-led slump came in 1975 but problems had surfaced earlier in falling productivity and declining profits. This provoked the social–liberal coalition to develop the Modell Deutschland solution in the early 1970s. On the macro level, this sought to enhance West German competitiveness through corporatist arrangements aimed at modernization and austerity. It also sought to block the movement from economic to political crisis by integrating the unions into the crisis-management process (Hübner 1986: 375). But it remained hard to maintain export-driven growth despite high wages and a slackening in productivity increases in Fordist sectors (such as cars). The state had a key role in adaptation at regional and federal level: it provided finance to modernize old branches and develop high value-added products for export; promoted international cooperation to stabilize existing export markets and create new ones; financed worker retraining; underwrote the social costs of change; and mobilized union support at plant, branch, regional and national levels to minimize the political costs of modernization (Esser 1986).

Even this strategy encountered real difficulties by 1981–2. These included union disquiet with the austerity programme and mass unemployment, growing hostility from employers to labour and the state, a deflationary policy on the part of the Bundesbank, blocking moves by the union parties in the upper chamber (Bundesrat), and internal conflict in the coalition and its two member parties (Scharpf 1991). Thus, for the social democratic government, the game was up. The crisis was followed by the Wende (1982–3) and a christian–liberal coalition government committed (at least rhetorically) to ‘more market, less state’ and to renewing the social market economy (Webber 1986b: 2). In practice this involved a self-correction of the model, however, without giving up the economic attack on the world market (Hübner 1986: 376). This modification of the prevailing crisis-management strategy contrasts strongly with the British case. In the latter it was essential to dismantle the obstacles to Fordism and, in an unfavourable economic position, to secure the conditions for post-Fordism. In West Germany the prevailing strategy involved adapting the export-oriented model to new conditions and promoting its self-reorganization through concerted action. In this sense, whereas we can speak of a neo-liberal regime shift in Britain, in Germany we find a neo-liberal policy adjustment within what remains an overall neo-corporatist strategy (Jessop 2002).

THE TRANSITION TO POST-FORDISM

First responses to the economic crises of the 1970s occurred in existing modes of growth and regulation. Thus Britain saw corporatist strategies that tried to maintain full employment and social welfare through demand management as well as state-sponsored Fordist modernization based on mergers and industrial reorganization. The collapse of the Social Contract between the Labour government and the unions in 1976 ended this phase. A period of austerity, retrenchment and social democratic monetarism followed and, in the wake of the strike-ridden ‘Winter of Discontent’, the election of the first Thatcher government. The initial West German response also involved attempts to shore up the existing regime. This was expressed in the Modell Deutschland programme and a more selective form of social partnership, which were intended to strengthen the economy’s export orientation. When this strategy began to falter, the social–liberal coalition between the Sozialdemokratische Partei Deutschland and Freie Demokratische Partei still pursued a stepwise, corrective programme rather than forcing a radical break. An austerity programme was adopted to promote investments, reduce social costs and promote technological change (Schmidt 1982). However, as mass unemployment continued to
rise, the SPD became more isolated and divided. The *Wende* expressed the exhaustion of the SPD’s approach rather than the collapse of the strategy itself and the Christian–Liberal coalition has given the model a new inflection rather than trying to overturn it.

**Thatcherism and Post-Fordism**

In the late 1970s, a consensus emerged about the need to break with economic demand management and political crisis avoidance and to embark on radical supply-side economic policies and a more confrontationist politics. Thatcherism gave the growing popular disquiet with Keynesian welfarism some direction by foregrounding it in the electoral strategy of a major political party. It also provided a focus for an economic and political offensive that emanated from key sectors of the Establishment and directed against the postwar settlement in general and the gains of organized labour in particular. This was initially presented in terms of reorganizing British society in line with the doctrines of the social market economy and the strong state. In the wake of the ‘Winter of Discontent’ (with its postwar strike record), this alliance brought Mrs Thatcher into office.

But the rhetoric of authoritarian populism and the empty formulas of monetarism were unequal to the tasks of effective economic and political management. Thus the first Thatcher government already faced the problem of developing a more coherent strategy to manage the economy and to consolidate its own power. Its approach evolved in a trial-and-error fashion, at different rates in different areas, and with varying degrees of success. From the mid-1980s it crystallized around a neo-liberal accumulation strategy based on flexible accumulation and a hegemonic project based on popular capitalism. These were counterposed to the corporatist, Fordist modernization strategy of the 1960s and to the social democratic, ‘One Nation’ welfare state project first established through the postwar settlement. The 1987 general election provided striking confirmation of the two nations, popular capitalist project (Jessop *et al.*, 1987) and the third Thatcher government embarked on a reinvigorated neo-liberal programme aimed at creating the conditions for a new, more stable accumulation regime appropriate to a post-Fordist environment.

This involved more than acting as the economic midwife to post-Fordism: it was also necessary to tackle the social, political and cultural factors obstructing this transition in Britain. The third term government strategy operated on a broad front, for British industry could no longer compete in the old postwar technologies or, perhaps, become competitive in the new. Many of the structural and institutional obstacles to Fordist modernization were even more acute and would present any government (and not merely Thatcher’s) with real problems.

The most distinctive feature of Britain’s neo-liberal transition to post-Fordism was its new-found position as the principal site for international (mainly foreign) financial institutions. The groundwork for this special role was laid in the 1960s with the rise of the Eurodollar markets but it was consolidated under Thatcherism through the abolition of exchange controls, financial deregulation and favourable tax treatment. Thatcherism abandoned national capital to global competition and actively promoted international capital instead of attempting to manage the tensions between these fractions of capital (Kastendieck 1987: 26; Overbeek 1990: 176–206). The City also gained from a second feature of Thatcherite economic strategy: its commitment to privatization as a means of raising revenue and reducing the economic weight of the public sector. Related measures were adopted to encourage inward investment. In addition many schemes were introduced to promote small business through deregulation, investment schemes, tax breaks and direct state sponsorship. All these measures emphasized the market-driven nature of reorganization. Although state intervention continued, it was not guided by any overall industrial programme or concern to secure the coherence of Britain’s industrial base.

In other West European countries, unions were weakened by conjunctural factors and changes in general economic policy. But Britain saw a sustained political attack on unions and direct intervention in their internal affairs as part of a labour exclusion strategy (Crouch 1986; Hyman 1987). Thus, whereas previous governments had tried to strengthen the position of responsible national leaders within the unions and in collective bargaining, Thatcherism sought to weaken union leaders and return the unions to their members, confining the latter in turn to plant-level bargaining within the limits of a post-Fordist market rationality (reinforced by a compliant press).

The Thatcher governments also tried to make labour markets more flexible. They were less concerned with reskilling workers than with flexibilizing wages, hours and working conditions. Alongside legislation on industrial relations, employment and social security legislation, the second Thatcher government gave a central role here to the Manpower Services Commission. In its third term Thatcherism also encouraged more flexible pay schemes related to regional labour markets, profit sharing and wider share ownership. Overall, the neo-liberal strategy corresponds to what Boyer terms a strategy of ‘defensive flexibility’ (1988d).

Thatcherism also busied itself recomposing the welfare state. Whereas the social democratic state rested on citizens’ rights, universal benefits and a rising standard of financial or material provision, the neo-liberal social
security state was discretionary, means-tested and minimalist. Regarding individual welfare, the government promoted popular capitalism in place of the nanny state: house owning, pension owning, share owning and private medical insurance were subsidized via tax relief and regarded as substitutes for council housing, adequate state pensions, income support and a free health service. Where individuals and families could (or would) not make adequate private provision, a basic, no-frills state system was to be provided, subject to rationing by queuing and/or involving minimalist, revolving ‘social funds’ administered on a local, discretionary basis. As regards collective provision or collective consumption, there was increasing emphasis on adapting public services to the economic needs. This involved two different policies: private tendering for services under public management and growing centralization of services mainly at the expense of local government.

Lastly, the Thatcher governments reorganized the state. The weak capacities of the postwar British state to secure the conditions for Fordist expansion were rooted in the virtual absence of the preconditions for any of the three basic forms of economy–state relationship that had proved compatible with accumulation in western capitalism. The postwar settlement ensured that the British state could not be purely liberal and, in any case, market forces were distorted by monopolistic practices and the split between City and industry. Corporatism was handicapped by the absence of its organizational preconditions on both sides of industry and of the stable institutional links among corporatist social partners, the natural party (or parties) of government and the administrative apparatus that are needed for an effective corporatist policy regime. Finally, the liberal state tradition, for all its ineffectiveness, meant that the capacities for statist intervention were also absent. This triple failure led to continual oscillation among liberal, corporatist and dirigiste strategies as the limits of each became apparent. This oscillation accelerated under Heath’s Conservative government of 1970–74 (with its celebrated U-turn away from its liberal experiment towards abortive corporatist consultation and then ineffective dirigisme) and the 1974–9 Wilson–Callaghan Labour government (with its shift from a quasi-corporatist Social Contract based on a relatively one-sided union–government accord towards statutory controls and then de facto experimentation with neo-liberal monetarism and austerity). The failure of these corporatist and dirigiste experiments enabled Thatcher to claim that there was no alternative to the neo-liberal road and encouraged her administration to embark on the dismantling of corporatist arrangements and the construction of a neo-liberal state system.

Efforts were soon made to ‘Thatcherize’ the state too. Techniques included civil service reorganization and politically motivated promotion to key official posts; enhancing Treasury control over all areas of government and using its financial powers to force restructuring; downgrading or ignoring established channels for tripartite or corporatist negotiation involving the trade union movement; reinforcing the police apparatus and redefining ‘subversion’; reducing the financial and political autonomy of elected local authorities (notably by abolishing metropolitan councils and the Greater London Council that were important sites of resistance) but also through frequent legal and administrative changes to reduce, redirect and control local spending; establishing powerful but locally non-accountable bodies such as urban development corporations to modernize the inner cities for capital; radically restructuring the education system through education spending cuts and systematic interference in all areas; expanding the Manpower Services Commission into a major force in training (especially for young people and other groups of the unemployed); and embarking on a programme of privatization and deregulation. Many of these changes were motivated by political strategy more than economic rationality. They were intended to undermine political forces committed to Keynesian welfarism and to construct new interests in the transition to flexible accumulation and popular capitalism. Cumulatively they reinforced the structural supports of the neo-liberal strategy.

The third Thatcher government launched a final assault on the social democratic settlement and its political supports. Four areas were significant here: expansion of urban development corporations to remove planning powers from elected local authorities and promote urban and industrial redevelopment; further centralization of the education system through a national curriculum and measures to reintroduce selection and parent power; the introduction of a regressive poll tax instead of a property tax (rates) to intensify electoral pressure against ‘high spending’ local councils; and promotion of commercialization and/or privatization in local services. There was a further programme of national privatization and another round of legislation to weaken unions. In short, the Thatcher governments were distinctive for the priority they gave to winning the political struggle as compared to short-term economic crisis management and/or dynamic economic efficiency.

Modell Deutschland and Post-Fordism

The Kohl government remained committed to promoting West Germany’s dominant world market position in capital goods and high technology and continued to cooperate (somewhat less enthusiastically) with the unions as well as capital. But it adapted the overall Modell Deutschland strategy to conditions of growing austerity and reoriented it towards the logic of post-Fordism.
Thus it continued the active industrial policy of the SPD–FDP coalition through its ‘new research and technology policy oriented towards innovation’ (Esser 1986). This was still oriented to the overall coherence of West Germany’s industrial core and did not, as occurred in Japan, aim to promote only selected high-tech products or sectors. Instead there was concern for everything from special steels to value-added cars, from new machine tools to telecommunications, from railways to aerospace. Often this was associated with ‘societal guidance’ or ‘technocorporatist’ programmes rather than the earlier tripartite corporatist arrangements linking unions, business and the state. These programmes sought to advance research on key technologies relevant to all industrial sectors (information technology, biotechnology, new materials, laser technology) and were based on a close, wide-ranging cooperation among business, state and science community without significant union involvement (von Alemann et al., 1986; Esser 1986; Junne 1984; Willke 1986). There was also growing interest in space travel and research, closer Franco-German cooperation to establish Europe as an independent aerospace power and continued support for the energy industry. This was reflected in more extensive federal coordination of technology policy (von Alemann et al., 1986; Hirsch 1970, 1974a). Other post-Fordist elements were state promotion of small business through venture capital, science parks, technology parks, etc., and more general measures (such as deregulation, tax breaks on profits, and public procurement) to favour German industry.

There were certainly neo-classical supply-side and monetarist currents within the coalition parties comparable to those in the Thatcher and Reagan regimes. But, as a separate political force, the monetarists were marginal (largely owing to the Bundesbank’s long record of comparative success in controlling inflation); and supply-siders could be readily integrated into the modernization strategy (Fels 1989). Thus, whereas crude supply-siders and monetarists are relatively unimportant, the more interventionist high-technology modernization current gained influence (Saage 1985). This current enjoyed long-term institutional bases in the West German state system and got strong and continued backing from the more competitive sectors of German industry. It was also advantaged by the powers of Land governments to promote regional and industrial development so that sunrise industries could move to Christlich-Democratische Union/Christlich-Soziale Union (CDU/CSU) areas in sunrise regions where modern infrastructure was most readily available. Particularly important here were Späth’s Baden-Württemberg (CDU) and Strauss’s Bavaria (CSU). But SPD governments in sunset regions were also active in rationalization and reindustrialization. In this sense the North–South divide had much less resonance in West Germany than in Britain (Esser and Hirsch 1989).

The Christian–liberal strategy towards the unions had two planks. First, it supported employers’ efforts to make production more flexible, to resist union attempts to slow or reverse job losses, and to press for laws favouring more flexible working time (Leithäuser 1988). This led to legislative changes to restrict the rights of workers regarding hours and conditions, dismissal and so forth and to undermine the rights of established unions in representing workers at plant level and undertaking secondary action (Adamy and Steffen 1985). This was part of an attempt to redefine the ‘terms of trade’ among capital, organized labour and the state and to induce the unions to adopt a ‘new realism’ towards flexibility. It tended to push unions towards a selective corporatism in which core workers gained and others (typically non-unionized) were marginalized. Second, the government cooperated, as before, with the unions in high-tech sectors through codetermination and conciliation (Esser 1986). No attempt was made to exclude the unions (as in Britain); rather, the aim was to tie them into the transition process. The political effect of this dual strategy was to reduce the significance of national-level corporatism and to promote regional and local corporatism (especially in the form of crisis cartels in declining industries) (Brandt 1985: 9; cf. Esser 1982, 1985).

The Kohl regime also attempted to reconstruct the welfare state. Initially it continued the austerity programme of the social–liberal coalition, especially in restricting support for the unemployed and transferring more of the burden of pension provision to individual contributors. This was motivated by a desire to improve the economic climate for business as well as to save money as conjunctural and demographic factors strained budgets. One effect of these changes was a stronger differentiation than hitherto of social policies between employees and the economically inactive poor – to the latter’s disadvantage. There was a gradual movement towards minimizing guaranteed state provision and encouraging people to make their own earnings-related provision and/or to purchase services in the market or else to seek help in the community. Thus, as official state welfare services and norms were cut back, the state encouraged an informal welfare state and the privatization of social risk. Various measures were taken to devolve state responsibilities to community care, self-help and neighbourhood help. Overall, these policies strengthened the ‘two nations’ tendencies of the post-Fordist welfare state with such ‘subsidiary’ help constituting a self-financed bonus for the privileged and stigmatizing, disciplinary charity for the disprivileged (Hirsch and Roth 1986: 144–7; Bäcker 1986: 201–3).

Finally, discontinuities in the West German state were less marked than in Britain. This reflects two features of the state. On the one hand, the movement towards a strong, security state was already developed in West Germany (Hirsch 1980).9 The Kohl government presided over its further
development, building on new information technologies. On the other hand, the economy’s greater strength and the institutional adaptability meant that there were fewer pressures for a radical break (Hirsch and Roth 1986: 142). The opportunities offered for local experimentation by the federal system are as significant here as they are in areas such as industrial policy.

Overall, then, the continuities are more marked than the discontinuities and a radical break involving ‘Kohlism’ (or its equivalent) is not needed. Instead what was required and occurred was a correction and modification of the strategies pursued in the 1970s in the light of the technical and economic developments of the 1980s. The new coalition could better achieve this because it faced fewer legitimation problems vis-à-vis the unions than would an SPD-dominated government, but it still continued with past political and economic strategies that have proved relatively successful.

SOME COMPARISONS

We now compare four areas of reorganization to show how modes of growth and regulation shaped the politics and strategies of the transition: financial institutions, privatization, industrial policy, and industrial relations.

Deregulating Financial Institutions

The Thatcher governments were strongly committed to deregulating and liberalizing the financial sector and also encouraged radical changes in financial institutions and financial products. Notably, the first Thatcher government abolished exchange controls; and the second facilitated the ‘Big Bang’ that liberalized and deregulated financial services. Together these changes transformed the City into the world’s leading international financial centre – which is all the more remarkable in the light of its weak domestic industrial base compared with its New York and Tokyo rivals. In West Germany, changes in the banking system, the stock exchanges and financial regulations also occurred but they were less marked and undertaken reluctantly.

This contrast reflects several aspects of the modes of growth and regulation. First, the West German universal banking system was very flexible and already offered financial products functionally similar to the innovative products in Britain; second, the inflation and instability that prompted innovation in Britain (and the USA) was less significant in West Germany (for a survey of relevant financial innovations, see van Horne 1986); third, until the late 1980s, the Bundesbank blocked financial instruments denominated in DM in order to limit exposure to international interest rate and exchange rate shocks and to discourage the use of the DM as an international reserve and investment medium; fourth, the Bundesbank had always operated in market terms rather than through administrative measures so that deregulation was less necessary; and, finally, West German rules were already relatively liberal for domestic and foreign activities so that there was no need to find loopholes (Dulder 1986).

Yet international competition and the fear of losing business to foreign institutions and/or foreign financial centres did prompt a partial liberalization. Some financial innovations from abroad were introduced (Clarich 1987) and West German banks were also active in Luxembourg and London, where they could escape national controls. Nonetheless, whereas British financial institutions were becoming internationally competitive specialists in financial services, West German banks kept more oriented to the West German industrial core, including its operations abroad (Grou 1985). Here, then, the mode of growth showed inertia and it was modes of regulation that were adapted. This is even more obvious in the field of stock exchange reform. The dominance of mutual business cross-investment and bank holdings in provincial stock exchanges resulted in narrow and comparatively illiquid markets and a preference for unofficial trading in a telephone market dominated by banks (Moran 1987). Even if the latter compensated for the rigidity of the official exchanges, it effectively blocked the rise of a Finanzplatz Deutschland to rival London, New York and Tokyo in the global securities business.

Privatization and Liberalization

Whereas nationalized industries in Britain were state-owned and often run on non-commercial lines, West Germany’s public enterprises were more often controlled at Land or communal level, enjoyed more commercial autonomy and were often used to promote technological change and modernization. Moreover, whereas nationalization tended to divide Britain’s political parties, the postwar SPD never campaigned for a state sector. These factors are reflected in the British and German privatization programmes. For, whereas privatization in Britain was initially motivated by ideological commitment and the need to raise revenue to finance tax cuts and sustain public spending, West Germany’s programme was tied to the needs of industrial coherence, national security, financial market stability and continuity in management (Uhel 1986; Abromeit 1986; Young 1987). Thus the christian–liberal rhetoric of privatization was tempered by pragmatism; proposals were also subject to negotiation rather than being imposed from above (Uhel 1986: 77–8).
An interesting illustration is the liberalization and privatization of the telecoms industry. The Thatcher government adopted a market-driven strategy in liberalizing telecommunications, putting market-led demand before indigenous supply capacity. Domestically this mainly benefitted the City and those involved in supplying value added network services. But it was consistent with the Thatcherite strategy of promoting cosmopolitan reindustrialization as supply was met by incoming firms interested in doing business with Europe as a whole (Morgan and Webber 1986: 59, 62). In contrast, the West German strategy was much more solicitous of German ‘electrocapital’ (Lüthje 1986: 67–71). Nor was there a social basis for telecoms liberalization because the Union Parties were more solicitous than British Conservatives about lower-income groups, the rural population, small and medium manufacturing firms, etc. (Webber 1986b: 408–10); and they also had to consider its implications for jobs, incomes and the regions (Morgan and Webber 1986: 76).

**Industrial Policy for the Private Sector**

We must distinguish between rhetoric and reality in Thatcherite industrial policy. The first Thatcher government disengaged loudly from the unsuccessful policies concerning older nationalized industries, pre-Fordist lame ducks and regional aid. This period of doctrinal palaeoliberalism ended in the latter half of 1980 under the combined impact of rising unemployment and criticism from business. Thereafter the government actively promoted rationalization and reindustrialization in declining industries and supported innovation in sunrise industries. It developed a wide range of initiatives through several government departments and quasi-government agencies and became particularly active in partnership with industry in promoting small business, rationalization, new wave technologies, etc. (Wilks 1985). Thus, in five key future technologies (microelectronics, telecoms, robotics, optics and optoelectronics, and biotech), similar programmes were adopted to those in Japan, the United States, France and Germany (Junne 1984: 143–4). Whether the sums made available were adequate, spent wisely, and sufficiently well coordinated remains debatable but the very existence of these programmes reveals the state’s importance even in a neo-liberal transition to post-Fordism.

In Germany this strategy was more open because it extended the earlier Modell Deutschland. The key trends were sketched above and three further remarks will suffice. The neo-statist strategy is particularly clear in crisis sectors. Here one finds state-sponsored, union-supported rationalization, concentration and upgrading, together with moves to produce low-tech products abroad, using low-waged, unskilled labour. The high-tech sectors also received more financial support under the Kohl government with the federal state playing a more directive role (Esser 1986; Väth 1984). The active labour market policy was also maintained with expenditure moving pro-cyclically under the influence of austerity, expanding as revenues permitted (Webber 1987). The state was more active than in Britain, then, and this allowed greater coherence in the industrial strategy as well as the industrial core.

**Industrial Relations**

The weak institutionalization of union rights in Britain greatly helped the Thatcher government to withdraw them and remove unions’ privileged access to state institutions. The onslaught began before the inexorable rise of mass unemployment and exploited the unions’ political unpopularity and an organizational weakness borne of easy expansion in the postwar boom. The state intervened directly in unions’ internal organization as well as more general economic, labour, financial and social policies (Kastendiek 1987: 2–3). And, above all, it involved action against public sector unions in industry and public services. In contrast, private sector reform of industrial relations was more market-generated than state-imposed. Indeed, on several key issues, business rejected the government’s strategy (for example, on the closed shop or regionally differentiated wage agreements). It also developed forms of microcorporatism based on the ‘new realism’ and internal labour markets. This was reflected in continuing wage drift in the private sector as well as wildcat cooperation, employee bailouts, formal agreements or collective bargaining over new technology, and so forth. Thus conflicts were largely confined to the public sector, new modern firms outside greenfield sites and firms faced with the choice between bankruptcy and confronting the unions (Terry 1986).

Conversely, juridification, codetermination and involvement in parafiscal bodies (such as health insurance, unemployment pay, and pension organizations) blocked a frontal political attack on the unions in West Germany and encouraged cooperation between unions and employers. Thus, although right-wing fringe groups raised doubts about Tarifautonomie and demanded more pluralism at plant level, neither employers’ associations nor the CDU leadership wanted to touch codetermination (Streeck 1985; Markovits 1986: 426; on the main legal measures against unions and ways in which unions were excluded from the workplace, see Wendeling-Schroeder 1986). Indeed, after remaining aloof for two years, the Kohl government restored tripartite consultation at national level (Markovits 1986: 424); and IG Metall, the largest union, reached agreement with state and employers over vocational training in 1984. But some changes did occur, for the Kohl
In the two-tier system of worker representation, there was a shift to microcorporatism at plant level based on works councils at the cost of mesocorporatism involving the unions (Markovits 1986: 419). Indeed, the works councils appeared to be the nucleus of an emerging company unionism (Streeck 1984: 27). This continued the pattern of consensual interest accommodation at enterprise level that had long sustained West German success in world markets (ibid.: 42). The continued willingness to bargain was also evident in the conclusion, in April 1987, of a three-year agreement between IG Metall and the employers over flexible working time in exchange for the stepwise introduction of a 37.5 hour week and wage increases.

**Interim Conclusions**

The Thatcher and Kohl governments were conservative regimes that could not avoid being involved in the transition to a post-Fordist economic, political and social order. Nonetheless the three Thatcher governments adopted policies different in key respects from those pursued in West Germany. Where the post-Fordist industrial logic is particularly strong in the high-technology areas, some similarities between the two regimes emerged under the impact of international competition. These similarities are also evident in the emergent post-Fordist industrial and service sectors where management and unions played the leading role within a framework established by government. In both societies, for example, there was a movement towards microcorporatism at plant level. Similarities were weakest in areas where the scope for political action was greatest and the logic of post-Fordism less clear. The contrasting approaches to privatization are especially noticeable, as are those in industrial relations and union legislation. If politics makes a difference, however, we must enquire why it has taken different forms in Britain and West Germany.

**WHY WAS THERE NO KOHLISM IN WEST GERMANY?**

Having considered the differing forms of Fordism and its crisis, we now examine how political factors shaped these different routes to post-Fordism in the 1980s. As long as the answer is not reduced simply to matters of personality and political style, we can pursue this topic by asking why Kohlism did not develop in West Germany.

The start of the transition to post-Fordism in Britain coincided with the rise and consolidation of Thatcherism. The latter involved populist ideological aspects and a plebiscitary political moment and was also closely imprinted by Thatcher's distinctive personality and political style. But it also involved a new economic and political strategy for the central state that transcended personalities and parties. It dominated the Conservative Party; the Social Democratic Party in Britain soon acquired the sobriquet of 'Thatcherism with a human face'; and the Labour Party gradually accepted the need for flexible accumulation, even if it rejected for a time the 'two nations' aspects of popular capitalism – eventually adapting to the long-term impact of Thatcherism by transforming itself into 'New Labour', which can be described as 'neoliberalism with a Christian Socialist face' (Jessop 2003a). Thus, although different parties would have pursued somewhat different strategies, they would all have broken with the Fordist mode of regulation.

In Germany, the transition to post-Fordism involved a correction in the earlier course rather than a radical break. There was no populist movement or ideological current that one could term 'Kohlism' and no radically new economic and political strategy. In part this reflects two simple facts. Kohl himself was no charismatic, conviction politician; and he entered office with support from the FDP through parliamentary machinations rather than a critical, realigning election campaign. These facts are related to basic structural features of the West German electoral and party system. This is structurally predisposed towards coalition government and creates conditions in which small parties (such as the FDP and the Greens) can make or unmake governments at the federal, Land, and local levels. Indeed three major federal government changes in the FRG from 1949 to 1990 occurred through parliamentary manoeuvres rather than through elections: Erhard's fall in 1966, Kiesinger's in 1969 and Schmidt's in 1982 (Irving and Paterson 1983: 422). Likewise the 1982–3 Machtwechsel had more to do with shifts from radical liberalism to economic liberalism in the FDP than with the gradual rightward drift of the CDU/CSU (Bulmer 1983: 19; Kastendiek and Kastendiek 1985) and it was helped by Kohl's centrist commitments, which made the shift from SPD to CDU less dramatic and clear-cut. Indeed, Kohl's job seems to have been to hold the 'middle ground' and secure moderation in domestic and foreign policy so that market, corporatist and molecular social forces could refashion German society.

Explaining the absence of a radical break through Kohl's personality and the way he became Chancellor could mislead. Other leading figures
Applications and critical appreciations of the RA (such as Strauss) did have an authoritarian populist style and significant neo-conservative and neo-liberal currents did exist. Although at least two preconditions for something akin to Thatcherism and Reaganism existed, then, no comparable regime won power. Indeed, whilst Kohlism never emerged, Straussmus failed on the national political stage in 1980. And, despite loud calls for a neo-liberal and neo-conservative break, the CDU and CSU still followed a centrist line until the 1990s. Thus a more satisfying explanation for the absence of Kohlism (understood as a successful political movement arguing for a radical break in its modes of regulation and growth) should be sought in more general structural and conjunctural features of German society.

Britain had a long-term structural crisis in its polity that could be exploited by a dominant leader. It involved a peculiar dual crisis of the state, i.e., a crisis in the functioning of the parliamentary and party system and a failure to consolidate alternative corporatist strategies of economic and political crisis management. This had two effects. There was a political vacuum that an authoritarian politics could enter and then appeal directly to the masses without significant intermediation. It also meant that there was limited resistance to Thatcherism from party political or corporatist forces. This gave Thatcherism one of the most vital of political assets in securing the operational autonomy of the state: time. In turn, this helped the three Thatcher governments to make mistakes, correct them, try new policies, choose the moment when to confront opposition and gradually to broaden the fronts in a war of position aimed at a fundamental and long-term transformation of British society in all spheres. Only through the structural crisis of the state was Thatcherism able to ride out frequent bouts of electoral unpopularity, internal dissent within the Conservative Party, opposition from vested interests and a disastrous first two years in office. At the same time this crisis created the opening for a new style of conviction politics.

In contrast, the parliamentary and party systems in West Germany, despite much talk to the contrary in the 1970s, proved much more stable and effective. The Machtwechsel itself was the culmination of a long-run trend in favour of CDU/CSU support since the 1972 election (with 1982 an aberration due to the Schmidt–Strauss confrontation). The Greens had already been incorporated into government at Land level and seem prepared to share in federal power. The operation of the voting and party systems is also less conducive to a purely populist or plebiscitary politics because it encourages coalition government and the FDP’s stabilizing role. There are also close bargaining relations between the federal and provincial governing systems: an intricate web of continuous bargaining, carried on by various political and administrative hierarchies, working within clear rules and structures, and often involving close links with all main parties (Dyson 1984; Katzenstein 1987). Finally, West Germany also had long-established, stable corporatist features that would have provided the basis for resistance to a purely neo-liberal strategy within the CDU–state. Indeed, Katzenstein contrasts the decentralization of the political system in West Germany with the significant centralization of private organized interests in economy and society. He suggests that the resulting tension is checked by three nodes of policy making (parties, cooperative federalism and parapublic institutions that provide for political, territorial and functional coordination and also encourage incremental change) (1987: 15–35).

Thus the complex web of legal, administrative, party political and corporatist relations made a drift to authoritarian populism and/or a radical political rupture far less likely in the 1980s than in Britain. At the same time, of course, the modes of regulation and growth associated with the Modell Deutschland also proved more effective in sustaining high and stable living standards for the majority as well as maintaining West Germany’s place in the international economy. Given the strong neo-statist elements in this mutually reinforcing set of structures and strategies, therefore, a break along neo-liberal lines seemed implausible during this period.

CONCLUDING REMARKS

Our arguments have moved between abstract theory and historical description and we conclude with two sets of remarks. The first set concerns the RA’s heuristic value and the second concerns the prospects for Thatcherism in Britain and the revamped Modell Deutschland in West Germany.

First, neither Britain nor Germany provide a clear-cut case of Fordism if this is reduced to mass production and mass consumption. Britain failed to secure the productivity growth that Fordist methods could have brought to mass production and was hard-hit by deindustrialization as a result. West German growth owes as much to the capital goods sector as to mass production of consumer goods and also depends as much on its highly qualified Facharbeiter as on semi-skilled, Fordist mass workers. In its minimal sense, therefore, ‘Fordism’ is an ‘ideal type’ with which to assess the specificity of these two accumulation regimes. But the broader concept of Fordism remains directly relevant and powerful. For the Fordist wage relation, based on institutionalized collective bargaining around a wage tied to rising productivity and inflation, did characterize both Britain and West Germany. Likewise private credit and monopolistic competition played a key role in capital accumulation; and state credit and tax expenditures were central elements in economic management. If we adopt a broader concept
of Fordism as an accumulation regime, then, we can treat both Britain and West Germany as having Fordist regimes.

The concepts of ‘mode of regulation’ and ‘mode of growth’ have proved even more relevant. They are more concrete concepts and can generate significant insights into the differential dynamic of the British and West German regimes. The institutions of collective bargaining, the relations between banks and industry, and the state play key roles in a mode of regulation; and their contrasting natures in the two cases investigated emerge very clearly. Likewise the modes of growth in Britain and Germany are also significantly different, reflecting their different industrial profiles and modes of insertion into the international economy. By examining the contrasting modes of regulation and growth in these two economies we can better grasp the specificity of their postwar development and of the forms assumed by the crisis of Fordism. It is also interesting to speculate how far these modes of growth seem to have a structural and institutional inertia transcending the specific Fordist logic and thereby making transitions difficult (cf. Boyer and Orléan 1991b).

For West Germany sought to build up its relatively coherent industrial core, its high-technology export industries, and its skilled workforce to exploit the opportunities offered by flexible specialization in batch production as well as traditional Fordist mass production industries. Even so fears were often voiced in the 1980s that West Germany was losing out in the technological race with Japan and the United States. Likewise Thatcher’s Britain pursued an accumulation strategy based once more on pursuit of a leading role in international financial services – albeit this time as the centre for transnational banks rather than purely indigenous British banking and commercial capital. But industry was further Balkanized among multinationals from different economies so that its long-term reindustrialization would depend on how Britain fitted into the global accumulation strategies of MNCs rather than the successful pursuit of a coherent industrial strategy by the British state. This does not exclude regeneration through the synergy of high-tech centres created through interaction among various MNCs, home-grown subcontractors, services, etc., in a neo-liberal fiscal and regulatory environment. But such synergic effects are no more guaranteed than the continuing international competitiveness of a national industrial core favoured in the neo-statist strategy.

But even the more concrete concepts of the RA must be supplemented by greater attention to the *sui generis* dynamic of the political system. While the state apparatus and political system has been seriously neglected by much regulationist work (Chapter 3), the leading West German regulationist theorists have consistently emphasized the state’s role and the political dimension in developing a more general analysis of different forms of societalization (*Vergesellschaftung*). Our analysis has explored the role of political factors in explaining the forms assumed by modes of regulation and growth, their crises and the strategies that emerge to resolve them. The specificity of the British and German postwar settlements, the contrasts between the Keynesian welfare state and the CDU-Staat in the 1950s, and the different experiences with corporatist concertation in the 1960s and 1970s illustrate this well. But the contrast between the break between the Social Contract and Thatcherism and the continuity between the social–liberal *Modell Deutschland* and the later christian–liberal strategy provide even more convincing evidence for the need to ‘bring the state back in’. Thus the RA needs modifying to take far more account of the state. It is therefore interesting to note that an Italian economist, Palombarini, who works with the Parisian approach, has recently adopted a similar approach in his attempt to explain the specificity of the political expression of the economic and political crises in Italy in the period 1981–92 (2001); and that Boyer, in his preface to this study, argues that it shows the importance of treating on an equal footing the political and economic fields in order to round out the RA’s work on growth regimes with an adequate understanding of the black box of economic policy. Even more interestingly, from our viewpoint, is that he considers Palombarini’s path-breaking study to involve a Gramscian-inspired renewal of the earlier regulationist work on the history and conditions of emergence of the institutionalized compromises that led to Fordism (Boyer 2001b: 18–19).

Finally, the future prospects of Thatcherism and the revamped *Modell Deutschland* depended on three sets of factors. First, there was the changing balance of forces mobilized for and against them; second, there were the institutional obstacles, structural constraints and policy dilemmas that might block them; and, third, in an increasingly internationalized global economy, complementarities among national strategies were crucial for ascent or decline in the global hierarchy. These factors are interrelated. In the short run, no strategy, however rational in narrow economic terms, can succeed without a favourable balance of forces; in the medium term, a strategy which was once irrational could eventually succeed because it can be sustained long enough for changing circumstances to render it more plausible and/or to enable its protagonists to improve it through trial-and-error; and, in the long-term, no strategy that is inconsistent with long-run trends emerging from the clash of all strategies in the world economy can ensure movement up the global hierarchy.

The development of Thatcherism illustrates all these points. Its initial survival was related to the demoralization and disorganization of the opposition (there was no alternative) and to various short-run political concessions. In the medium term it gained economically and politically. Thus
it benefited from the weakening of bases of resistance in manufacturing and the trade union movement as the economy has been restructured and from the emergence of a more coherent supply-side strategy that better reflects the competitive pressure to move beyond Fordism. And it benefited from the recomposition of political forces through its hegemonic project of popular capitalism and its reorganization of the state system. Yet to be decided (at the time of writing in 1988) was the long-term compatibility of this strategy with the strategies of the three dominant economic powers (Japan, the United States and Germany) as well as other players.

Comparing the Thatcher and Kohl regimes is revealing in at least two ways. This involves more than a contrast between the overwhelming presence of Thatcherism and the apparent absence of ‘Kohlism’, which can easily be explained in personal, conjunctural and institutional terms. At stake is not merely the form taken by the transition to post-Fordism but also the reasons for the relative continuity or discontinuity of specific accumulation strategies and hegemonic projects.

Thatcherism was significant initially because it represented a specific response to the crisis of flawed Fordism in Britain and its accompanying ‘KWNS’ political shell. Mrs Thatcher felt instinctively that there could be no return to old Keynesian welfare state ways, but in rejecting such crisis management and crisis avoidance responses, she invoked a return to even earlier values and institutions. The dual crisis of the British state gave Thatcherism (which was not just a vehicle for Thatcher’s self-aggrandizement but also a project for radical transformation of British society) enough breathing space to engage in trial-and-error policy making and to seek a relatively coherent strategy for a British transition to post-Fordism. Thus, having come to power promising a return to a pre-Fordist, liberal capitalism, the third Thatcher government began to pave the way for post-Fordism.

In contrast the union and liberal parties of West Germany were more aware of the need for forward movement and rejected a simple return to the social market economy of the 1950s – let alone to a mythical laissez-faire approach absent from the German state tradition. They were committed to ‘high-technology modernization’ alongside sound money and sound finance. In this regard they sought to exploit the peculiar features of West Germany’s export-oriented Fordism. Flexible specialization is particularly useful in the batch production of capital goods that was previously resistant to Fordist methods; and West German employers retained a relatively skilled workforce which can operate flexible manufacturing systems. This ‘flexi-Fordism’ (Boyer 1988b: 25) facilitates the movement to a flexible post-Fordism.

The broad aims of Kohl and Thatcher were the same but they chose different routes in different conditions. Both countries moved towards post-

NOTES

1. Apart from stylistic modifications and the addition of a comment on the work of Palombini, this chapter is reprinted virtually unchanged from its original 1989 version. The main argument is theoretical rather than empirical and subsequent research has not modified the main conclusions. It is best seen as an early contribution to the re-integration of state theory into the regulation approach.

2. The postwar settlement was basically concluded during the war itself and its institutional embodiment was largely completed by the postwar Labour government by 1948: see Addison 1984; Barnett 1985; Middlemas 1986.

3. It is debatable how far this is due to management failures, to union veto power over management initiatives and to government macroeconomic policy (Coates and Hillard 1986; Nichols 1986).

4. Middlemas (1979) identifies a persistent corporatist bias in Britain’s governing institutions: in the interwar years this focused on political crisis management, during the war it was conditioned by labour’s dominance in the market hierarchy, and during the 1950s it was attenuated by the dominance of liberal strategies.

5. Domestic forces were not passive during this period but sought to advance their own interests and strategies with the help of the occupying powers.

6. Conversely it has prompted collaboration among Länder and the federal government; and concertation with organized interests (Dyson 1981; Webber 1986a: 7).

7. German firms were more organized than their workers, of whom some two-fifths were unionized. The BDA (German Employer’s Association) had an 80 percent enrolment among all firms in this period; it coordinates lockouts and decrees non-negotiable issues. In addition, 95 percent of industrial firms belong to the BDI (Federation of German Industry); and all firms are legally obliged to belong to local chambers of commerce.

8. This control was exercised through their own shares and/or proxies entrusted by customers or borrowed from other banks.

9. The British state perfected a security state apparatus in Northern Ireland over decades; its limited extension to the mainland was largely confined to inner cities.

10. It is also worth noting that Strauss’s Bavaria had an interventionist state deeply committed to promoting flexible accumulation.

11. To the extent, indeed, that they run the risk of politicism.

12. Strategies are never purely economic but always have significant political, social and ideological dimensions (Chapter 12).
5. A regulationist re-reading of East Asian newly industrializing economies: from peripheral Fordism to exportism

Although the opposition between market and state is a canonical feature of orthodox economics, it is fundamentally flawed and cannot capture the complexities of advanced capitalism (Boyer 2002f: 325). It is even harder to apply to the ‘economic miracles’ and their subsequent crises in East Asian Newly Industrializing Countries (hereafter EANICs). If a social science attuned to the discursive construction of social reality is appropriate (as we believe), it is important to explore how categories such as market and state and their corresponding economic and political imaginaries are constituted. Even when this has been accomplished for European societies and ‘Europe abroad’ (for example, settler societies in the Americas, Australia and New Zealand), we will face problems in addressing other social formations that lack analogous concepts, discursive traditions, structural forms, and practices for the institutional features and forms of conduct that western discourse terms the ‘market economy’, the ‘state’ and ‘civil society’. This in turn poses difficulties in using notions such as laissez-faire, dirigisme or étatism, which presuppose the formal separation and external articulation of state and economy.

The RA seems to offer an alternative to market-centred, state-centred and culturalist explanations of the Asian miracle, but its early attempts to do so had their own flaws, notably too strong an adoption of Fordism and national time–space as the baselines for comparative analysis. Recent studies have begun to overcome both tendencies with the attempt to establish the distinctive features of Japanese capitalism in its own terms (Boyer and Yamada 2000; Inoué and Yamada 2002) and the distinctive features of East Asian regional integration as compared to European or North American patterns (Boyer 2003b; Petit 2003b).

This chapter presents an earlier, third-generation approach to the specificity of East Asian economies, focusing on newly industrializing economies rather than the advanced capitalism of Japan. Thus we explore the socially embedded, socially regularized nature of economies and the intertwining of the distinctive institutional logics of specific economic and political orders in specific social formations. We then develop a stylized model of ‘exportism’ to explore the modes of growth and regulation found in the EANICs. In particular we show how exportism involves accumulation strategies based on concerted integration into a complex global–regional–local economic order based on network-based economic and social modes of regulation and governance. A key feature of the last two stages of ‘exportism’ is their increased ‘time–space reach’ and capacities to govern across borders.

EUROCENTRIC ACCOUNTS OF THE ‘ASIAN MIRACLE’: MARKET V. STATE

The state can figure in political economy in two ways: as a sovereign actor in an international community of states (based on the mutual recognition of states) and/or as a particular, institutionally differentiated, operationally autonomous configuration of apparatuses in a domestic political order. For, while East Asian states may enjoy international recognition as sovereign states (although Hong Kong and Taiwan are hard to locate in this schema), they lack key features of an ultimate and autonomous domestic political authority. This is where questions of Eurocentrism are raised in explanations of Asian ‘economic miracles’ and their subsequent crises.

The key concepts in market- and state-led accounts of economic development are strongly rooted in European intellectual history, which assumes that modern society rests on the institutional separation between a market economy (an unrestrained sphere of exchanges among formally free and equal economic subjects), a unified sovereign state (a constitutionalized but not necessarily pluralist and democratic – juridico-political order with a monopoly of organized violence in a given territorial area) and a civil society (comprising individuals, families and pluralistic voluntary associations based on bourgeois individualism). This institutional separation is consistent with laissez-faire or dirigisme, neo-classical models or governed markets, liberal or developmental states, private or public power, market- or plan-rational economies. In each case, the state has two possible roles: it can act from outside the economy to maintain the legal and political framework for a market-generated economic order (with its own market-driven, self-steering, self-regulating dynamic) or become a dominant economic player through its combined and privileged use of economic and extra-economic resources. In the first case, we have a laissez-faire economy; in the second, a governed (mixed or command) economy steered by an interventionist state. Civil society may in turn be seen either as the external environment of
market forces and a source of exogenous shocks (especially when analysed from a neo-classical viewpoint); or as a possible source of norms or values that may help guide the social market economy or inform planning in and for the ‘national interest’.

Influenced by the Enlightenment conceptual triplet of market–state–civil society, explanations for East Asian economic growth were initially couched in terms of the market versus state debate. Even some work on the Asian crisis maintains this framework (Chapter 6). The early market-based explanation argues that state managers are inherently self-interested ‘rent-seekers’ who are best excluded from economic decision making and suggests that these economies prospered because of market-liberalizing and market-conforming policies (Balassa 1982, 1986; Page 1993). This approach treats economic activities as disembedded from the state and civil society, reduces economic calculation to rational maximizing behaviour and regards markets one-sidedly as the key mode of economic regulation. Conversely, state-led approaches invert this model and suggest that state managers correctly judged how to get prices ‘wrong’ and pursued complementary policy packages that could guide the market (Johnson 1982; Amsden 1989; Wade 1990; Haggard 1990). They treat the state as able to stand outside and above other social actors and pursue the best development option. This state-autonomy approach suggests that officials actively orchestrated industrial promotion and ‘picked winners’ (or even created them) by concentrating on taxation, protection, technology training, incentives for firm financing, and so on. At worst, this approach is highly functional, considers the state in a social vacuum, and neglects processes internal and external to the state. It also tends to assume that the state apparatus is unified and state power is ‘monistic’ (that is, while recognizing differences among state managers, these are constrained by the unity of state power) and depoliticized (Chan, Clark and Lam 1998: 2–3).

Even allowing for its state-centric framing, the original developmental state theoretical paradigm was nonetheless conceptually rigorous and carefully grounded (Johnson 1982). But there is also a developmental state policy paradigm that mythologizes the EANICs’ ‘economic miracles’ and is invoked to justify and guide specific economic and political strategies in these and other states (for example, Onis 1991). This paradigm can easily lead to the celebration of the developmental state’s capacities and to overidentification with its managers. This literature risks privileging the positions and discourses of bureaucrats, state managers and experts and narrating their policy activities as ‘rational’ and serving the ‘national interest’. This occurs at the expense of ignoring asymmetric power relations rooted in international forces, bureaucratic agencies, business, labour, gender, and so on as well as how contradictions and conflicts in developmental state strategies and policies produce losers as well as winners, whether by design or unintentionally (Jessop 2005a).

To overcome some of these shortcomings, a second generation of statist scholars introduced the embedded-autonomy approach. This treats the state as institutionally autonomous and simultaneously embedded in dominant economic groups (Evans 1995). Its capacity rests on its ability to govern domestic capital (especially industrial interests) and harness their support for the government’s economic policy. Evans’ reformulation retains a functionalist bias, however, insofar as state capacity reflects an ability to penetrate and extract resources from business. It also continues to affirm that internal coherence, corporate identity and cohesive organization are key elements of developmental states (ibid.: 49–50) (for a critique of functionalism in state theory, see Chapter 3). Similarly, Weiss talks of ‘governed interdependence’ and highlights the ‘negotiated relationship in which public and private participants maintain their autonomy, yet which is nevertheless governed by broader goals set and monitored by the state’ (1998: 38). Despite their shared emphases on state–society relations, Evans and Weiss remain attached to examining ‘state capacity’ mainly in terms of the Weberian ideal type of a rational and competent bureaucracy with sufficient power to impose its policies on private actors.1

Our own approach draws on Gramsci and Poulantzas rather than Weber. Gramsci emphasized the mutual implication of state and market and insisted that even a laissez-faire state was a form of state intervention with its own economic and political presuppositions and consequences (Chapter 12). Likewise Poulantzas firmly rejected the idea that the state’s relative autonomy can guarantee a coherent and rational economic policy ‘external’ to capital (1975: 158). He also interpreted state power as an integral moment of the constitution and reproduction of the market as a form of capitalist social relations (cf. the Parisian regulation theorists, Lordon 1997a and Palombarini 2001; see also Chapter 3).

The key issue here concerns the role of economic and political networks in policy making and the ‘governmentalization’ of society. ‘State’ intervention is a particular institutional mediation of the exercise of social power that reflects a complex balance of forces whose composition goes well beyond the formal boundaries of the state (even presupposing these can be easily identified in societies where the public–private distinction is weak) and in which decision making involves cooptation, consultative mechanisms and organizational intelligence and learning capacities that are widely diffused through society. Whether in the form of monistic, but not monolithic, military dictatorships or authoritarian, corporatist, labour-repressive regimes or emerging, one-party dominant plebiscitary regimes, East Asian governance regimes lack a clearly differentiated, autonomous state. Thus
state managers and specific state and state apparatuses are partners in a network of relations – not the ultimate and rational power. One should not mistake formal, juridical structures for real power centres: instead one should look for ‘parallel power networks’ that cross-cut formal hierarchies and link different institutional spheres. In the EANICs, for example, the social sphere of kinship–diasporic networks is linked to transnational and translocal networks of firms, technology transfers and innovation systems.

State power is always a complex institutional and organizational mediation of relations among forces within and beyond state boundaries. This means that we must expect to find a complex of overlapping hierarchies and horizontal power networks in the state and that the latter therefore, lacks a single, unitary, and unified summit at which sovereign power is concentrated.

We must rethink the relation between the economic and the political without engaging in reification and zero-sum thinking in the form of more market/less state or vice versa; analyse the specificities of accumulation regimes and their modes of regulation rather than study quantitative trends; analyse the state relationally; and explore the contradictions, dilemmas and crisis tendencies of the ‘miracle’ as well as the continuing strengths of the post-crisis period. Only thus can we avoid the risk of equally one-sided analyses of the pre- and post-crisis periods – exaggerating the success of the latter and interpreting the past as pathological and the future as a new start provided that the ‘right’ policy choices are made. We can overcome these problems by viewing the state more broadly as a key element in the overall accumulation regime and mode of regulation in the EANICs and their insertion into the wider international political economy. The RA is useful here because it rejects any equation of the ‘economic’ with markets and market forces, and explores the ‘extra-economic’ conditions of accumulation by including, *inter alia*, states and state managers and their embeddedness in wider social relations. But to exploit its potential we must first question regulationism’s own Eurocentric tendencies.

EUROCENTRIC TENDENCIES IN THE EARLY REGULATION APPROACH

Eurocentrism also occurs in early regulationist accounts of newly industrializing economies concerned with ‘peripheral Fordism’ and ‘bloody Taylorism’. The crisis of Atlantic Fordism emerged in the late 1960s and grew more acute in the 1970s. One response was to develop a growing division of labour between metropolitan capitalism, semi-peripheral regions and peripheral Fordism. Some regulationists have analysed the dynamics of the East Asian miracles in terms of peripheral Fordism and/or bloody Taylorism. Lipietz’s work employs both interpretations (1984b, 1987a). He argues that declining profits in metropolitan Fordist economies in the late 1960s led multinational manufacturing firms and transnational banks to seek higher profits by relocating and financing semi-skilled and unskilled production processes in the semi-peripheral economies of southern Europe (notably Spain, Greece and Portugal) and the peripheral economies of East Asia (Lipietz 1984b; for another critique, see Hurtienne 1988b). The integration of these economies into the circuits of Fordism fuelled the growth of ‘global Fordism’ (Lipietz 1987a). Their integration into the international division of industrial labour involved a reorientation of key exports from primary goods (raw materials, food, and so on) to manufactures. Lipietz and others attribute this to ‘export-substitution strategies’, that is, a shift to higher value-added exports. A key role was played here by ‘bloody Taylorism’, a term adopted by Lipietz to capture EANICs’ reliance on deregulated labour markets and labour force repression (‘bloody’) and a detailed division of semi-skilled labour (Taylorism). Two other features of the export-substitution strategy were special concessions in defined export-oriented economic zones and a heavy reliance on female labour with no prior experience of the capitalist labour process.

Lipietz advanced two explanations for the limited success of this strategy. First, because export advantage was based on superexploitation of labour, it was socially unstable and generated growing social costs. Second, because it was mainly export-oriented, the internal market remained limited. We might add, third, that this strategy was vulnerable to competition from even cheaper export platforms. Lipietz himself also notes that bloody Taylorism prompted a protectionist reaction at the centre in response to export penetration at home without reciprocal access to expanding NIC markets. This led some developing countries in the 1970s to replace ‘bloody Taylorism’ with ‘peripheral Fordism’, that is, a mode of growth with some features of metropolitan Fordism (for example, mechanized mass production and/or assembly line techniques) but not all (for example, mass consumption is restricted to the urban middle class). Lipietz suggested that this could stem from the ‘legacy’ of the old-style import-substitution policies, the outcome of an export-substitution programme based on bloody taylorization or any other specific reasons’ (1984a: 101).

Lipietz’s account needs careful scrutiny, for he relates peripheral Fordism to the dynamic of an alleged ‘global Fordism’. Yet, without more specific historical analyses of peripheral social formations, a focus on the global diffusion of Fordism reduces the periphery to an undifferentiated ‘grab-bag’ of sites for assembling cheap, mass-produced consumer goods for export. The periphery’s new mass production role in the global division of labour helped it to develop an intensive regime of accumulation and expand domestic
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markets for consumer durables (Lipietz 1987a: 78). Key factors in sustaining this emerging Fordist production–consumption relation were autonomous local capital, a sizeable urban middle class, a skilled working class and rural labour reserves. However, whilst peripheral Fordism is similar to central/metropolitan Fordism in its reliance on some degree of mechanization and/or assembly line production and an expanding internal market for consumer goods, there are also some important differences (see Table 5.1).

Table 5.1 Comparison between metropolitan Fordism and peripheral Fordism

<table>
<thead>
<tr>
<th>Metropolitan Fordism</th>
<th>Peripheral Fordism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autocentric logic of mass production and mass consumption</td>
<td>Mass production articulated to global circuits</td>
</tr>
<tr>
<td>Mass production by assembly lines</td>
<td>Mass production based on assembly lines and Taylorist practices</td>
</tr>
<tr>
<td>Research-intensive and skilled production</td>
<td>Semi-skilled production processes with R&amp;D located overseas</td>
</tr>
<tr>
<td>Production for domestic consumption</td>
<td>Production mainly for exports and the global market</td>
</tr>
<tr>
<td>Mass consumption by working class</td>
<td>Consumption by urban middle class</td>
</tr>
<tr>
<td>Responsible trade unionism</td>
<td>Emergent working class</td>
</tr>
<tr>
<td>Keynesian welfare state</td>
<td>Emerging international regulation</td>
</tr>
</tbody>
</table>

Three factors are important here. First, seen as a labour process, only the semi-skilled part of Fordist production is performed in the periphery: R&D, design, management, skilled labour, and so on, stay in the centre or the Southern European ‘semi-periphery’. Second, seen as an accumulation regime, peripheral Fordism is not autocentric – the virtuous circle of mass production and mass consumption is not secured within national boundaries. Instead, its mode of growth is articulated to the global circuits of capitalism. Third, seen as a social mode of economic regulation, internal market expansion depends more on rising urban middle class incomes than rising working class wages. This is partly due to the weakness of the working class and the absence of Keynesian-welfare policies – two key links in the virtuous Fordist circle of mass production–mass consumption (ibid.: 36–9). Later work on peripheral Fordism has examined economies ranging from

Southern Italy (Dunford 1988) to East Asia (Cho 1988; Douglass 1993), South Africa (Gelb 1991) and Brazil (Faria 1996). But this should not distract attention from its conceptual problems. For, despite its originality, Lipietz’s account is problematic on four grounds.

First, he defines and interprets the periphery in terms of dynamics at the centre, emphasizing the role of ‘Fordist’ rather than non-Fordist features in its labour process (Amsden 1990: 8–10; Larraín 1991: 236). Yet, as we have already noted, peripheral Fordism lacks three key features of central Fordism, that is, autocentricity, working-class consumption and the KWNS. This leads Lipietz to portray the periphery in western terms as a form of incomplete Fordism, ignoring what makes the EANICs distinctive in their own terms (this prompted Boyer to condemn the concept of peripheral Fordism in his critical introduction to the RA, 1990a: 91).6 Yet, as we have already noted, peripheral Fordism lacks three key features of central Fordism, that is, autocentricity, working-class consumption and the KWNS. This leads Lipietz to portray the periphery in western terms as a form of incomplete Fordism, ignoring what makes the EANICs distinctive in their own terms (this prompted Boyer to condemn the concept of peripheral Fordism in his critical introduction to the RA, 1990a: 91).6 But this should not distract attention from its conceptual problems. For, despite its originality, Lipietz’s account is problematic on four grounds.

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Second, the concept is dualistic. It deploys dichotomies such as centre–periphery, global–national, developed–underdeveloped and defines the ‘periphery’ in terms of its functions for the overall dynamic of the global system and/or its assumed difference (read inferiority) from the ‘centre’. French regulationists themselves have criticized such dualisms and their associated functionalist or top-down, holistic perspectives – including Lipietz himself, for the notions of imperialism and dependency (1986b, 1987a). The problem is only partly avoided by distinguishing ‘bloody Taylorism’ from ‘peripheral Fordism’ because this still hinges largely on differences from metropolitan Fordism. Third, Lipietz’s account posits urban middle class consumption – a notion that, in his hands at least, lacks any firm institutional grounding – as the key internal link in the virtuous circle of production–consumption. This marginalizes the key role of the articulation of internal–external dynamics in shaping the economic and social regulation of the periphery (see below).

Fourth, ‘peripheral Fordism’ is imprecise insofar as Lipietz restricts the concept to ‘countries where the expansion of the local market played a real part in the national system of accumulation’ (1984a: 102). But what does a ‘real’ part mean for countries that stretch across Latin America, Southern Europe, East Asia and Africa? The contrasting development paths of Latin America and East Asia (Gereffi and Wyman 1990: 18) reveal the need for more historical and geographical specificity. Thus we suggest that Lipietz’s ‘bloody taylorism’ occurs in the stage of primary export-oriented industrialization (hereafter EOI) as peripheral enclaves become export-
processing zones. In turn, forms of peripheral Fordism may dominate the secondary import substitution industrialization (hereafter ISI) stage as a large middle class expands the domestic market. A third form of integration into the world market may emerge when a new form of export-oriented industrialization is superimposed on ISI, as in East Asia after the 1970s (cf. Hurtienne 1986). These comments suggest that Lipietz's view of peripheral Fordism is spatially unbound as well as temporally overbound. In other words, the spatial concept of ‘periphery’ is both too loose for serious research and too specific for depicting the key features of the secondary ISI stage in the NICs’ growth path (see Figure 5.1).

LATIN AMERICA

<table>
<thead>
<tr>
<th>Country</th>
<th>Secondary ISI (Periphery)</th>
<th>Commodity Exports (Peripheral Fordism)</th>
</tr>
</thead>
</table>

AN ALTERNATIVE REGULATIONIST APPROACH TO EXPORTISM AS A MODE OF GROWTH

Given the problems with ‘peripheral Fordism’, we will not offer another umbrella concept. Instead we will follow the argument of the Campinas School, summarized approvingly by Lipietz himself, which argued, against a generalized theory of dependency, that the periphery should not be studied in relation to the centre, and its capitalism should not be seen as peripheral. It had to be seen as a specific capitalism which had reached a specific phase in its own history: it had to be seen as a ‘belated capitalism’. (Lipietz 1987a: 66, citing Cardoso de Mello 1982)

In this spirit we now provide a more historically contingent account of one part of the semi-periphery (EANICs) as a ‘belated’ (or ‘catchup’) form of capitalism and consider its export-oriented industrialization stage in non-Eurocentric terms. Boyer has recognized such a dynamic as a possible mode of growth in his recent review of the regulation approach, noting that ‘national growth may be based on the extraversion of an export sector supplying the resources to feed consumption and internal investment. In this case the national growth loses its autonomy, since it is constrained by trends in the world economy and the ability of countries to benefit from possible changes in the international division of labour (2002e: 234). But this brief description does not (and could not) capture the complexities of exportism as a mode of growth.

The remainder of this chapter presents the complex internal–external dynamics of EANICs, drawing on geographical insights into global/interscalar articulation and a strategic–relational approach to the state (as initially theorized and presented in Sum 1994). Thus we propose a stylized model of ‘exportism’ analogous to, but distinct from, Fordism and specify the nature of its wage relation, enterprise form and competition, the state relation, the credit and money forms, state forms and mode of insertion into the world market. We then identify three phases in the development of exportism and focus on the last two. Specifically, we suggest that the changing organization of the EANICs since the 1980s can be understood in terms of a movement from an economic strategy tied to the primacy of national security to one more concerned with promoting structural competitiveness, economic flexibility and global competition. We link this economic transition to a political transition. Specifically, whereas their early growth was organized under an integral political project such as the security state of Taiwan and South Korea, current growth perspectives are better seen as organized under the dominance of an integral economic
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project. This involves a shift from a Ricardian/Listian workfare national state towards a Schumpeterian workfare postnational regime.

Regarding interscalar articulation, the first wave of East Asian exportism occurred in the Cold War trade and aid boom promoted by the USA in the 1950s and 1960s. The 1970s saw a wave of western FDI prompted by multinationals’ search for low-cost production platforms and shifts in US trade policies. We regard this emerging international division of labour as a hierarchical system of unequally developed national (or regional) social formations and note, with the grenoblois and Amsterdam schools, that accumulation regimes are plurinational. A third-generation RA should analyse the historical development of each national/regional formation in terms of its changing position in the international political economy. But the insertion of economic spaces into the global order must also be related to the specificity of their own historically developed social relations, classes and structures of domination (cf. Aglietta 1982b). Thus we propose that the EANICs’ mode of growth is better understood as an ‘exportist’ accumulation regime than as ‘peripheral Fordism’.

The basis for theorizing a stylized exportist accumulation regime is its extraverted (as opposed to autocentric) growth. In regulationist terms, this requires attention to the labour process, accumulation regime and mode of regulation. However, because extraversion is a key feature of EANICs’ mode of growth, we must also examine a fourth feature – their ‘modes of global/scalar connection’ – and explore how economic and extra-economic regularities are related materially, spatially and temporally. This research focus differs from ‘international regimes’ as the fifth structural form included in Parisian analyses of modes of regulation (alongside the wage relation, money form, enterprise form and state form) because it is less concerned with the overall patterns of governance of the global economic and/or political orders than it is with specific modes of insertion of specific economic spaces into the world market (cf. Mistral 1986). We should also respecify these features for individual cases in the light of their balance of internal–external social forces at specific periods. This will move us from a general stylized model to more differentiated analyses of the evolution of individual cases.

‘EXPORTISM’ AS A MODE OF DEVELOPMENT

The extraverted modes of growth in EANICs have been dominated by ‘exportism’ (Table 5.2). This was possible because of particular features of global–regional capitalist development during their development. Between the 1950s and 1970s, the Cold War superpower rivalry meant that the Bretton Woods organizations (IMF, WTO and World Bank), under the hegemony of the USA, were mainly concerned to create a stable international order supporting liberal trade. The EANICs were encouraged to adopt export-oriented strategies from the 1960s onwards and to produce mature products for ‘western’ markets. With some more protectionist than others, the EANICs came to embrace exportism and articulate their production (and later on finance) to the global circuits. This extraverted global articulation made them dependent on the advanced capitalist countries for production of key investment goods and access to global markets to sell the resulting quantities of goods at a profit. Thus demand (consumption) could not be fully controlled by local capital in aggregate and/or by the national state and the virtuous cycle that links production and consumption depends on an extraverted logic. In other words, while domestic consumption may have some effects in the case of complex exportism, the economic dynamic is driven by production for exports. The exportist cycle proceeds from investment (for exports) through production (for exports) and the effective realization of profits (embodied in exports) to reinvestment (of profits).

This relation between production and consumption contradicts Lipietz’s peripheral Fordist model, which implies (without actually stating) that urban middle class consumption can be controlled (and varied) to promote a virtuous domestic cycle of peripheral Fordist production–consumption within the context of global Fordism. We do not deny that middle class consumption can stimulate domestic demand in some cases and periods. But the main growth dynamic is related to the cycle of export-oriented (re-)investment that connects local, national, regional and global scales and subordinates it to global demand-driven dynamics. Consumption itself is mainly flexible and, where commodified rather than dependent on subsistence agriculture and household production, is subject to changing international terms of trade and export capacities. Thus, without the coincidence of internationalization of production and a specific ‘opening’ of the world market to exports of consumer durables, the exportist mode of growth could not have occurred.

Moreover, insofar as demand in open economies lies beyond internal control, supply-side flexibility becomes more important for reproduction. Lipietz’s contrast between ‘bloody Taylorism’ and ‘peripheral Fordism’ fails to capture this. For, whereas the former grounds labour flexibility in repression, deregulation, and feminization, the latter ties it to a deregulated, feminized and semi-skilled workforce. Thus the continuities seem greater than the discontinuities, which is a poor basis for periodization (see Chapter 11). In contrast, the concept of ‘exportist accumulation regimes’ stresses the interconnection between an external demand-driven virtuous cycle and the overall flexibilization of production and distribution across time and space.
<table>
<thead>
<tr>
<th></th>
<th>Peripheral Fordism</th>
<th>Exportism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relation to Fordism</td>
<td>Incomplete Fordism</td>
<td>Beyond Fordism</td>
</tr>
<tr>
<td>Nature</td>
<td>Export-substitution mode of growth: shift from raw materials to manufactures</td>
<td>Extraverted mode of growth articulated to transnational circuits</td>
</tr>
<tr>
<td>Process logic</td>
<td>Mass production for export and middle-class consumers</td>
<td>Depends on internal–external linkages between investment, production and reinvestment</td>
</tr>
<tr>
<td>Motivating force</td>
<td>Supply cheap consumer goods to the centre and middle-class consumption</td>
<td>Production constituted by competitive strategies and technological change</td>
</tr>
<tr>
<td>Industrial paradigm</td>
<td>Taylorism</td>
<td>Diffused and flexible Taylorism</td>
</tr>
<tr>
<td>Accumulation regime</td>
<td>Intensive</td>
<td>Extensive</td>
</tr>
<tr>
<td></td>
<td>Intensification of labour process through Taylorist practices in EPZs</td>
<td>Exploitation of product cycles in the succession of long waves growth</td>
</tr>
<tr>
<td>Consumption</td>
<td>Low working-class demand</td>
<td>Flexible consumption</td>
</tr>
<tr>
<td>Mode of regulation</td>
<td>Unstable international regulation</td>
<td>Ricardian, Listian and Schumpeterian workfare regime(s) (see Table 5.4)</td>
</tr>
<tr>
<td>Class relations</td>
<td>Demobilized working class, strong urban middle class, rural labour reserve</td>
<td>Weak working class</td>
</tr>
<tr>
<td>Time and space</td>
<td>Global diffusion of Fordism</td>
<td>Product cycle preparing for the next long wave</td>
</tr>
<tr>
<td>Construction of NIC identity</td>
<td>Incomplete ‘Fordism of the missing half’</td>
<td>Catchup NIC identity</td>
</tr>
</tbody>
</table>

The internationalization of production is reflected in the internalization of world market dynamics in the EANICs. For ‘external pressures’ have been integrated into domestic modes of calculation so that economic and political forces take account of the complex reciprocal interdependence between domestic and external dynamics. This reinforces the structural coupling (or mutual adaptation and coevolution) of external and internal forces and produces spatially-specific systems of accumulation that involve case-specific mixes of complementary phenomena. It is useful to distinguish here between simple and complex exportism. Simple exportism rests on a predominantly EOI project with fewer structural constraints towards trade liberalization; it occurred in 1950s Hong Kong and 1960s Singapore. Complex exportism involves hybrid EOI–ISI projects with more structural constraints towards opening; this took place in South Korea and Taiwan after the 1960s (see Figure 5.1).

### Flexibilization of the Taylorist Labour Process across Time and Space

Regarding the labour process and wage form, exportism extends the spatiotemporal reach of national economic organization into regional/global production and demand chains. Production for the global market encourages the transfer of manufacture of mature products from advanced industrial economies and initiates a distinctive technological trajectory. Thus production involves the national–regional ‘imitation’ of transferred regional/global technology (Table 5.3). This is premised on the capacities of the national–regional economy to provide a low-cost accumulation strategy aimed at the global market. At the firm level, some firms adopt a ‘flexible Taylorist’ (flexitimed and flexiwaged) labour process (not to be confused with ‘flexible specialization’ à la Piore and Sabel).

Taylorized task fragmentation does not involve an extensive division of labour in one plant but a fragmented division of labour across many production sites, often small or miniscule in size. This process is often organized through
Applications and critical appreciations of the RA subcontracting, putting-out and homeworking. It is mediated through extensible formal and informal public–private and social–diasporic networks that reach into entrepreneurial, familial and (trans-)local production sites with flexible norms/regulations; it can also occur in larger plants controlled by powerful local or foreign capitals able to exploit fragmented unions and subcontracting chains. In short, flexible Taylorism penetrates and exploits time–space flexibility at each stage of the minutely divided (or taylorized) labour process.

This distinctive type of production, which we call ‘flexible imitative production’, typically begins as a relatively simple local–global articulation based on largely local production for a global market. It may later involve a more complex multiscalar articulation based on multi-site, even cross-border, production networks for regional and global markets. The dynamism from imitation is continually reoriented in light of technological advances abroad, domestic learning capacities and process innovation. Other developments in flexible imitative production are linked to new forms of work organization: these include deepening of flexible taylorization (by stretching subcontracting chains and extending timelines and time horizons) and reaching out to new spaces (moving production sites to distant villages and/or post-socialist economies). These new spaces are coordinated and controlled through longer and thicker networks, with new kinds of mobile ‘sojourner’ workers, so that the time–space stretch of cross-border production can be secured (see below on the three phases of exportism).

**Enterprise Forms**

Complementing flexible imitative production are two enterprise forms: a small- to medium-sized variant and one based on large conglomerates. The former operates in fragmented but still dense networks of vertically integrated small and medium private producers engaged in subcontracting chains. These are linked by their reputation for reliability, speed of output and low costs. Firms adjust capacity in response to exportist demand with primary firms (national or global) exerting downward cost pressure on secondary firms practising flexible Taylorist processes. This is especially true of multispatial subcontracting across borders in which primary firms can exert greater pressure upon smaller firms in post-socialist countries and second-tier NICs. While Hong Kong has a loosely coupled industrial structure close to this small- to medium-sized variant, Taiwan, though still dominated by small firms, has several large state-owned ones. Singapore’s industrial structure is heterogeneous and relies more on government-linked and multinational enterprises.

### Table 5.3 A stylized model of ‘exportism’ and its temporal–spatial reach

<table>
<thead>
<tr>
<th>Mode of growth</th>
<th>Extraverted and not autocentric: national articulation with global–regional circuits</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Process logic</td>
<td>- relate to global–regional–national linkages between investment, production and reinvestment (extensive/intensive)</td>
</tr>
<tr>
<td>(b) Motivating force</td>
<td>- production constituted by competitive strategies and technological change</td>
</tr>
<tr>
<td>(c) Nature of production</td>
<td>- supply-side orientation</td>
</tr>
<tr>
<td>(d) Nature of consumption</td>
<td>- flexible</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accumulation regime</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Production and wage forms</td>
<td>- flexible production (flexi-timed and flexi-spaced)</td>
</tr>
<tr>
<td>(b) Enterprise forms</td>
<td>- small- and medium-sized firms</td>
</tr>
<tr>
<td>(c) Credit and money forms</td>
<td>- high domestic saving into investment</td>
</tr>
<tr>
<td>(d) State/regime forms</td>
<td>- Ricardian workfare regime (competitive advantages from exploiting cheapest and most abundant factors of production)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Time–space reach of mode of regulation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>- flexible production (flexi-timed and flexi-spaced)</td>
</tr>
<tr>
<td>(b)</td>
<td>- small- and medium-sized firms</td>
</tr>
<tr>
<td>(c)</td>
<td>- high domestic saving into investment</td>
</tr>
<tr>
<td>(d)</td>
<td>- Ricardian workfare regime (competitive advantages from exploiting cheapest and most abundant factors of production)</td>
</tr>
</tbody>
</table>

| State/regime forms | - Listian workfare regime (allocative competitiveness to promote neo-mercantilist and national security) |
|---------------------| - Schumpeterian workfare regime (structural competitiveness through innovation and re-skilling) |

<table>
<thead>
<tr>
<th>Mode of societalization</th>
<th>Discourses of ‘development’ and ‘progress’</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Discourses of ‘development’ and ‘progress’</td>
<td>- Ricardian workfare regime (competitive advantages from exploiting cheapest and most abundant factors of production)</td>
</tr>
<tr>
<td>(b) Listian workfare regime (allocative competitiveness to promote neo-mercantilist and national security)</td>
<td></td>
</tr>
<tr>
<td>(c) Schumpeterian workfare regime (structural competitiveness through innovation and re-skilling)</td>
<td></td>
</tr>
</tbody>
</table>
The large enterprise form involves concentration of capital in large conglomerates and/or strategic alliances with multinational corporations. Large firms deploy cheap labour, control labour movements and use government-linked finance to promote an exportist mode of growth. This public–private network is less diffuse and more hierarchically organized than the SME variant and its participants enjoy various monopolistic and oligopolistic advantages. Thus, because of their greater individual vertical integration, separate enterprises depend less on each other than the SME variant. In South Korea, chaebols (for example, Hyundai, Samsung, Daewoo, Lucky Goldstar and SK) benefited from government-linked loans and low interest rates and engaged in high levels of cross-subsidiary trading and internal cross-finance. As these large-scale businesses were confronted with a scarcity of labour and concomitant rising wages from the 1980s onwards, they entered into closer subcontracting relations with small and medium-sized firms. The latter provided them with quality parts and components under the flexible Taylorist processes.

Exportist State/Regime Forms

We now distinguish two forms of exportist regime: one more Ricardian, the other more Listian. Hong Kong and, to some extent, in its early stage of development, Singapore adopted a low-cost flexible imitative accumulation strategy oriented to the world market and tended towards diverse forms of Ricardian workfare regime (see Tables 5.3 and 5.4 as well as Figure 5.2). In contrast, Taiwan (and, at later stages, Singapore) combined export-oriented and import-substitution strategies to promote economic development under the influence of national security concerns in the Cold War. Their form of regulation and governance from the 1970s onwards can be called a Listian workfare national state, with initially some Ricardian elements. South Korea had fewer Ricardian elements and a Listian workfare national state prevailed. All four have since turned to a more Schumpeterian orientation, from the late 1980s onwards, albeit in a path-dependent manner (see Tables 5.3 and 5.4 as well as Figure 5.2).

The object of regulation of Ricardian workfarism is low-cost production that addresses labour and/or resources as the most abundant factor(s) of production. This strategy relies on private–public networks that deploy formal and informal mechanisms to maintain and expand low-cost labour and low-cost production in a factor-driven mode of global competitiveness (cf. Porter 1990). Social forces within these networks coordinate, under a workfare form of institutional compromise, to activate four key wage and export relations: (1) adjusting labour markets through wage subsidies and flexiwage, flexitime and flexispace arrangements (for example, housewives producing at home, cheap cross-border labour, mandatory wage cuts); (2) supporting formal and informal ‘workfare shelters’ (for example, families, clans and charities) and commodified welfare provision that subordinate social policy to the demands of flexible export markets and flexible low-cost labour (Deyo 1992; Sum 1994); (3) providing general infrastructural conditions and export subsidies to capital plus favourable industrial, tax, investment, infrastructural, immigration, exchange rate and trade promotion policies; and (4) promoting inter-firm networks oriented to international trade and subcontracting management. The abundant supply of cheap labour, the myth of the ladder, and an imagined escape into entrepreneurship make it hard for workers to organize and build class alliances. This situation is threatened by the growing openness of East Asian economies and their exposure to shocks from rising production costs. With the influx of more foreign capital in the 1980s, the EANICs transferred more labour-intensive industrial processes to China and Southeast Asia. This can be seen in the emergence of (sub-) regional economic blocs (see the later section on the second phase of exportism, pp. 176–81).

The Listian workfare national state (LWNS) aims to promote national economic development through a mercantilist mode of state/public intervention. This has prompted a supply-side orientation of economic policy and leads to public sector support for key firms through industrial, tax, investment and infrastructural policies to upgrade technological capabilities in key industries as well as subsidies to infant industries, import controls, domestic market protection and market intelligence. Such support goes to multinationals in Singapore, small- and medium-sized domestic firms in Taiwan and domestic conglomerates (chaebols) in South Korea. During the Cold War period, support was linked to national security and the national security state – a relatively autarkic economy being emphasized for military security reasons too. Social policy was subordinated to the exportist strategy and the perceived needs of military manpower and national(ist) protection. This social policy orientation was matched by reliance on self-help and family support and/or on housing, welfare and other forms of reproductive provision from larger employers and mixed public–private agencies. Finally, although the LWNS was embedded in a national security state, its economic development strategies involve partnerships among public, parastatal and private actors. These operated in the shadow of public sector orchestration to promote neo-mercantilism via specific resource allocation among available processes and products, protection of infant industries from premature competition to promote growth efficiency, and support for investment and innovation in more advanced firms or sectors to enhance their regional and global competitiveness. Depending on the balance of social forces and specific industrial structures, a mix of repressive
Applications and critical appreciations of the RA tactics, discourse of ‘security’ and the ‘myth of the ladder’ warded off working class demands.

With the loss of export competitiveness and the neo-liberal push for trade, investment and financial neo-liberalism since the 1980s, these macro changes have stimulated a redefinition of economic goals and new ways of articulating the economic, political and ideological arenas. New development goals include ‘globalization’, ‘technology’, ‘new production sites’ and regional

<table>
<thead>
<tr>
<th>Ricardian workfare regime</th>
<th>Listian workfare regime</th>
<th>Schumpeterian workfare regime</th>
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<tbody>
<tr>
<td>Market imitator</td>
<td>Market imitator and protector</td>
<td>Market anticipator</td>
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<tr>
<td>Low/standardized technology</td>
<td>Targeted standardized technology</td>
<td>Targeted standardized/high technology</td>
</tr>
<tr>
<td>Factor-driven form of competitiveness</td>
<td>Neo-mercantilist/allocative form of competitiveness</td>
<td>Innovation-driven form of competitiveness</td>
</tr>
<tr>
<td>Low-cost workforce and production</td>
<td>Public-led and public-linked production</td>
<td>Flexibility and process/product innovations</td>
</tr>
<tr>
<td>Turnover time and compressed time competition</td>
<td>Turnover time and compressed time competition</td>
<td>Compressed time and fast time competition</td>
</tr>
<tr>
<td>Flexi-wage and flexi-time across the national and global scales</td>
<td>Flexi-wage and flexi-time within the national state</td>
<td>Fast-in-time, right-in-place, lead time, transit time</td>
</tr>
<tr>
<td>Global-national calculations</td>
<td>National–global calculations</td>
<td>Multiscalar calculations</td>
</tr>
<tr>
<td>Importance of economic and social spaces</td>
<td>Importance of geopolitical/military and social spaces</td>
<td>Importance of social, political and electronic spaces</td>
</tr>
<tr>
<td>Residual private–public ‘workfare shelters’</td>
<td>Public–private support for infant industries and ‘workfare shelters’</td>
<td>Private–public spending on re-skilling and retraining</td>
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<tr>
<td>Export processing zones</td>
<td>National state security development zones</td>
<td>Learning/technological regions within and across borders</td>
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</table>

Figure 5.2 Exportist paths of EANICs
Applications and critical appreciations of the RA policies as well as university–corporate partnerships, and on reskilling the workforce through labour market, manpower and immigration policies (see Tables 5.3 and 5.4, as well as Chapter 3).

Transition to SWPRs depends on path-shaping intervention by global–national social forces, which can be triggered by shifts in the balance of forces, perceived new conditions, or specific events, such as the Asian Crisis. Such intervention involves restructuring public–private networks in order (1) to set new object(ive)s of growth, for example, new products, new technologies, and new governance regimes; (2) to promote organizational and market innovations based on more complex networks of firms and strategic alliances around new technological trajectories; (3) to undertake financial and/or cultural innovations (for example, venture capital and cultural industries) linked to financial and/or cultural internationalization; and (4) to enter into formal and informal cross-border networks in the (sub-)region. There is no generic path in this direction. For, as there are several possible routes as well as variant outcomes, there is also scope for both path-dependent and path-shaping factors to combine in particular periods and conjunctures.

Credit and Money Forms

EANICs generally have high saving ratios and mobilize capital through private domestic, private overseas (for example, FDI) and (quasi-)state-sponsored sources. The first two are connected through socioeconomic networks that link national and global/regional partners through familial and friendship ties, business partnerships, credit associations, and banking and financial institutions. Hong Kong and Singapore also relied strongly on FDI from the USA, Europe and, from the early 1990s onwards, Japan. In Singapore, provident funds (for retirement) are a key role in dispensing government-sponsored credits. Thus government-linked banks and specialized funds financed industries and infrastructural projects. Despite such differences, all four EANICs were subjected to the same external pressures, especially those from OECD countries, because of their export orientation. These include pressures to liberalize trade (for example, agricultural sector) and adjust exchange rates in line with trade balances and demand from the USA.

Turning to their money form, the EANICs were inserted into the Bretton Woods fixed exchange rate system between the 1960s and 1970s. Under this system, the national money was fixed to gold (and then pegged to the dollar) and central banks adjusted the exchange rates through their reserves in accordance with their trade balances and other external pressures. The EANICs adopted a fixed exchange rate to avoid overvaluation relative to the dollar and thereby enhanced their export competitiveness. In 1985, however, the US government, which was under pressure to correct its trade deficits with East Asia, set an implicit target zone of currency fluctuation in order to force a revaluation of Asian currencies under the Plaza Accord. Between 1985 and 1989, the South Korean won and the Taiwanese dollar appreciated by 25% and 50%, respectively. This affected the EANICs' export competitiveness and triggered structural changes in the space–time reach of their production form. For example, Taiwan and South Korea started to invest in cheaper production sites in China and other parts of Southeast Asia (see stage two of exportism below, pp. 176–81). This led the EANICs to become major sources of regional credit.

Concurrent with these regional changes was the rise of global neoliberalism under the ‘Washington Consensus’. In addition to trade and investment liberalization, the IMF, WTO and World Bank were pushing for financial liberalization to open capital markets and permit global/regional banks and other financial institutions to enter the EANICs (Patomäki 2001). This allows liquid money from North America, Europe and Japan to seek more profitable outlets in EANICs. In their different ways, the EANICs also liberalized their financial markets. This not only complexified their credit form to include international bank lending, corporate bonds, equity and portfolio investment, but also changed the dynamics of exportism (Chapter 6; and Sum and Jessop, forthcoming).

Mode of Societalization

An important feature of the EANICs' insertion into regional and/or global divisions of production and financial systems is the strategic reorientation and institutional (re)design of workfare regime(s) around the assumed demands of competitiveness and supply-side intervention. Because the system is export- and not consumption-led, this severely dislocates and alienates workers and other subaltern forces. The vulnerability of both capital and labour to changes in external forces is evident from the flexibilization of the labour process, stretching of production forms to cut costs, adjustment in rates of exchange, proliferation of mobile credit forms and lack of welfare rights. Attempts to legitimate this include hegemonic projects based on empowering and enabling ‘development’ and ‘security’. The former is often based on unreflecting acceptance of ‘modernization theory’ and establishes ‘advanced industrial nations’ as the exemplars to be copied by self-described
‘NICs’. Rhetorical tropes such as ‘hard work’, ‘growth and prosperity’, ‘security’, ‘progress’, ‘catchup’ and, later on, ‘high technology’, ‘innovation’, ‘knowledge-based economy’, and so on, help to construct the model of a productivist, innovative and meritocratic society that can reward its citizens provided that they have acquired workfare attitudes and dispositions such as being rational, diligent, flexible, enterprising, innovative and world-class. Continued ‘development’ now requires the embrace of ‘globalization’ and, indeed, neo-liberalism. This involves not only economic changes but also new technologies of domination and new forms of governmentality tied to the shifting terrains of neo-liberalism (Sum and Jessop, forthcoming).

Like Fordism, the exportist model involves an institutionalized compromise among potentially antagonistic forces. In return for workers’ acceptance of the dislocating and alienating effects of exportism, the alliance of (multi-)national capital and the domestic political regime assumes at least four ‘obligations’ to subaltern classes. These are (1) to provide ‘national security’ and ‘stability’ through such measures as neo-mercantilism against the disruptive effects of unregulated free trade, military–nationalist protection against foreign and/or domestic threats to territorial integrity and social peace, and (semi-)colonial protection under the military umbrellas of the United Kingdom and United States; (2) to sustain the dream of a ‘middle class’ society by creating opportunities for upward mobility within and across generations; (3) to compensate for the lack of ‘welfare rights’ by promoting public–private ‘workfare shelters’; and (4) to secure and deploy external resources (for example, US grants, military aid and FDI) to promote development without squeezing consumption for the middle and working classes. These obligations are nonetheless pursued within the limits of the market and the requirements of political order as perceived by the dominant economic and political class forces. In addition to ‘otherizing’ strategies to marginalize resistance, governments also resort to repressive legal, police and even military measures against the labour unions and movements. This indicates the inherent instability and contestedness of the exportist compromise. Indeed exportism has its own sources of crisis tendencies, which include external dependence on overseas markets, overproduction under the pressure to (re-)invest, excess liquidity and exchange rate vulnerability (Chapter 6). In addition to limited material concessions and resort to repressive measures of various kinds, however, regimes also seek to develop economic strategies, state projects and hegemonic visions that can renew their commitment to ‘development’ and ‘security’. Most recently this has involved promoting discourses of ‘globalization’, ‘technology’ and ‘creative industries’ or ‘cultural industries’ to reorient accumulation strategies and their associated spatiotemporal imaginaries.

THREE PHASES OF EXPORTISM

Since the 1960s, attempts to renew and select such ‘development’ projects can be divided into three phases, distinguished by their space–time reach, modes of interscalar articulation and strategies for governing capital accumulation. Although detailed case studies and the struggles to rebuild the historical bloc are beyond our remit here, it is certainly worth sketching the three overlapping phases since the 1960s (on general issues of periodization, see Chapter 11).

First Phase of ‘Exportism’ (1960–early 1980s)

Interscalar articulation was primarily biscal and organized around global–national linkages. A national/city space was linked to the internationalization of capital (for example, global commodity chains) and global geopolitics (for example, USA, IMF, GATT, World Bank). Interscalar strategies sought to regularize national formations for time-bound production destined for global markets. The relative dominance and articulation of the labour process, production and the forms of state or regime varied with the EANICs’ domestic balance of forces, the strategic calculations of private and public actors, and their prior geoeconomic and geopolitical ties to global systems of power.

Given that Hong Kong was a British colony under the American umbrella, geopolitical ‘security’ logic did not rank highly. The inflow of Mainland Chinese immigrants in the 1950s supplied abundant labour and entrepreneurial skills. The production form was dominated by extensive private networks of vertically integrated small- and medium-sized enterprises (SMEs) producing low-skilled industrial products. They divided the labour process in flexible Taylorist fashion into discrete and miniscule tasks that were flexibly located (flexispaced) and flexibly remunerated (especially through flexitime regarding hours and numbers employed). This often involved subcontracting, putting-out and homeworking in which primary subcontractors exerted great pressure upon small firms; the latter also depended on social networks to coordinate and to control their staff and casual workers. This system was complemented by a Ricardian workfare regime that (1) reproduced labour-power through social policy by subsidizing healthcare, housing and education; (2) assisted in the reproduction of capital by trade-promotion and infrastructural policies; (3) supported export-orientation with a fixed exchange rate regime to avoid overvaluation of its money; and (4) tied the exchange rate to a major currency (first Sterling, then the US dollar) in order to benefit export performance (see Table 5.5 and Figure 5.2). In addition, there were various informal institutional
arrangements and organizations (such as family, kinship networks, friendly societies and philanthropic organizations) that offered non-wage income to stabilize the volatility of the workfare environment.

Singapore, Taiwan and South Korea pursued Cold War Listian workfare strategies. Significantly influenced by ‘security development’ logic, their political regimes actively created national(ist) space-times safe for infant industries venturing into the global market (see Table 5.4 and Figure 5.2). With the support of foreign aid, the governments and private-public agencies allocated economic and political resources to form public-dominated partnerships with government-sponsored credits. They also used (1) industrial policy to identify key industries and fiscal-financial arrangements to support them; (2) manpower policy to reproduce (non-)skilled labour; (3) trade management through licences and export/import subsidies; (4) a fixed exchange rate regime to avoid overvaluation and a tied exchange rate system to benefit export performance; (5) public-linked networks to provide finance and transfer technology; and (6) US-dominated political and geopolitical frameworks to back the ‘security development’ logic of the LWNS. The resulting mode of governance favoured large-scale enterprises and vertically integrated production. This was supplemented by flexible Taylorism.

Internal and external factors increasingly disrupted this first phase from the late 1970s. They included (1) increasing national costs of production due to rising labour and/or land costs; (2) competition from elsewhere in the region (for example, Thailand, Philippines) for the European and US markets; (3) the end of the Cold War and China’s gradual opening to the world market from 1978 onwards; (4) the growing importance of collaboration with global and regional firms to reduce costs in production, R&D, and so on; (5) the need for rapid cost recovery in an era of increasing competition; (6) the appreciation of the yen and other Asian currencies after the 1985 Plaza Accord, a process that depressed East Asian export prices and encouraged manufacturers to look for cheap production sites elsewhere in the region; (7) the impact of the 1980s neo-liberal turn under the ‘Washington Consensus’, which introduced greater trade and financial liberalization through the WTO and the Asia-Pacific Economic Cooperation (APEC); and (8) the new information and communication technology revolution, which allows rapid transmission of production and finance within and across regions.

Second Phase of ‘Exportism’ (1980s–present)

These challenges prompted the EANICs to rescale and reorganize. New spatial visions and new economic identities began to emerge around the

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>1960s–early 1980s</th>
<th>Global–national (for example, ‘free trade zones’)</th>
<th>Organizations of production/trade</th>
<th>Importance of time-bound production</th>
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<tr>
<td></td>
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<td>National–global (for example, ‘security-development zones’)</td>
<td>Social space of production</td>
<td>in time</td>
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<td>International trade and some protectionism</td>
<td>on time</td>
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<td></td>
<td></td>
<td>Social space to build thicker and longer subcontracting/technological networks</td>
<td>Organization of trade on multilateral and bilateral bases (e.g., APEC)</td>
<td>Longer pipe-line and faster turnover time</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Organization of finance and new objects of capital accumulation (for example, property and stock markets)</td>
<td>Market lead time</td>
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<tr>
<th>Phase 3</th>
<th>Late 1980s–present</th>
<th>Global–national–local (for example, ‘Silicon Valleys of the East’, ‘creative industries’)</th>
<th>Reorganization of production/trade/finance</th>
<th>Importance of speed/time</th>
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<td>Speed-to-markets</td>
<td>Re-articulation of speed/time</td>
<td>Speed/time of information and real-time connectivity</td>
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idea of exporting services, linking production across various contiguous sites and entering into multilateral and/or bilateral trade agreements. New spatial imaginaries included the development of ‘Greater China’ (Hong Kong–southern China–Taiwan), ‘Sijori’ (Singapore–Johor–Riau), the Yellow Sea Rim (China, Russia, South Korea and North Korea), ‘flying geese’ (Japan-led regional production networks), the APEC, and so on (Sum 1996, 1999; Jessop 2003b) (see Table 5.5). There were also projects to connect non-contiguous spaces through ‘transnational technological complexes’ that would enable national clusters to tap and transfer technological knowhow and organizational models from the USA and/or Japan. Notable examples occur in the Hsinchu–Silicon Valley transnational networks that sustain many formal and informal Taiwan–US collaborations in the electronic industries. This involves a thick web of Taiwanese overseas graduates, immigrant entrepreneurs, SMEs as well as the divisions of larger firms located across the Pacific (Saxenian 2000).

These new action scales have often been facilitated by multilateral agreements, a history of contacts before national frontiers being institutionalized, and strong ties among the relevant actors (for example, kinship or ethnic links, religious or linguistic affinities). With the rise of neo-liberalism and the USA’s renewed interest in Asia under the rubric of the ‘Asia–Pacific’, the APEC was created to promote open market-led regionalism with implicit support for trade, investment and financial liberalization. With well-entrenched alliances between transnational and local capital, Hong Kong and Singapore are more supportive of this project; but Taiwan and South Korea are more resistant (Sum 1996). Nonetheless, the rescaling of cross-border activities continues through ‘growth triangles’ and ‘regional production networks’ (Chapter 6). These developments depend on historical ties and affinities that provide ‘foot soldiers’ to build and stretch networks, connecting the translocal and national with regional and global spaces. They connect short (localized) networks embedded in distant villages/towns in post-socialist and second-tier NICs with more extensive (interscalar) networks at the regional–global–corporate level.

This scalar stretching also extends timelines and intensifies the absorption of production time (for example, more flexible working hours, more social and longer pipeline time). This engenders new practices. Trans-border private–public–parastatal–civic networks are developing new regulatory practices that enable them to control and coordinate production nodes along extended timelines: (1) rescheduling the time horizons of peasant migrant workers (for example, the ‘Dagongmei’ or ‘working lassie’ in the Pearl River Delta) to suit the Taylorized rural factories that adopt wage and numerical flexibility; (2) coordinating localized networks with regional–global scales through (hyper-)mobile ‘sojourner’ workers from subcontracting firms and/or ‘astronaut’ engineers/entrepreneurs flying the Pacific; and (3) (re-) scheduling and intensifying the working day of mobile/nomadic workers to coordinate these (over-)stretched networks so that goods can be produced, technologies can be applied and information can be passed on for turnover-time competition.

Apart from these new forms of work and their related labour processes, these cross-border networks connect the regulatory practices of more Ricardian workfare (local) sites (for example, entrepreneurial townships in southern China or special economic zones in Batam) and (process-oriented) Schumpeterian workfare practices in globalized gateway cities (for example, Hong Kong and Singapore) as well as Listian workfare national locations (for example, Taiwan, South Korea) with leading applied technology complexes (for example, ‘Silicon Valley’ in California) (see Table 5.4 and Figure 5.2).

Such cities and complexes have service- and production-oriented manpower and clusters (for example, production consultancy, legal services, logistics, finance, shipping and applied-tech science parks) that help accelerate turnover-time and lead-time and enhance global competition in clothing, textiles, electronics and other more heavy industries. Thus Hong Kong profiles itself as a ‘regional financial centre’, Singapore as a ‘regional headquarters for multinationals’ and Taiwan as a ‘Science Island’ connecting upstream to Silicon Valley and downstream to (southern) China.

Such cross-border technological and production networks have become more complex as a result of changes in the credit and money forms. The exportist-oriented credit forms, which were based on domestic saving, FDI and private–public funds, have become more complex through financial developments since the early 1990s. These include (1) the US–World Bank–APEC push to liberalize global financial markets (Sum 2006); (2) expansion of regional financial centres such as Singapore and Hong Kong; (3) emergence of international bank lending, corporate bonds, equity and portfolio investment; and (4) development of information and communications technologies. In response, most EANICs have opened their financial markets, albeit at different speeds and in different ways (Zhang 2003: 75). With opening, portfolio capital became an important form of credit, especially after the collapse of Japan’s property and stock market ‘bubbles’ and cheap Japanese portfolio capital became easily available in the region.

Owing to its easy availability, most Asian economies came to depend on short-term, cheap, ‘offshore’ money to finance long-term domestic projects. Between 1995 and 1997, Japan was the most important source of portfolio investment, providing some 31 percent of the total in the region. For their own political and economic reasons, some EANICs (for example, South
Korea) started to run easy credit policies to foster growth. These portfolio credits were largely short-term and many went into the property markets, speculation, infrastructural projects, and corporate bonds. All of this tilted the balance of economic forces away from productive to speculative financial capital. Since simple exportism is grounded in the circuits of productive capital, the expansion of the financial circuit complicates its operation. This can be seen in Hong Kong, for example, where the increased role of finance generated elements of complex exportism from the late 1980s (Sum and Jessop, forthcoming). The Asian Crisis revealed the limitations of this dissociation of productive and financial capital, of course, and its consequences are still not fully resolved (Chapter 6).

Yet, despite this temporary distortion through overexpansion of hypermobile and superfast financial capital, exportism remains the primary growth model of the EANICs. For most EANICs, the circuits of productive and financial capital are now central to their accumulation regimes and modes of regulation. The export-oriented credit form of domestic investment and FDI was complemented, at least up to the Crisis, by a specific money-currency form. All East Asian economies have their own national currencies but they were either formally or informally linked (‘pegged’) to the US dollar as the global hegemonic currency. This offers a distinctive solution for export-oriented economies to the generic contradiction between money’s roles as a national money and international currency. Dominated by the dollar, the EANICs are tied to a soft dollar-bloc regime (or informal pegged dollar standard). This represented an adjustment to American hegemony that suited the exportist model in two ways. First, because most East Asian imports and exports are invoiced in dollars, it reduced currency risks involved in trading with their major export markets and in purchasing key imports where prices are denominated in USD. Second, it encouraged foreign borrowing with little exchange risk provided that exchange rates kept stable in relation to the dollar; and, in addition, the dollar peg anchored domestic monetary policies by loosely tying their economic, monetary and financial policies to each other. This protected the EANICs from competitive devaluation. Thus their domestic price levels remained relatively stable from the 1980s to 1996.

Despite the ‘structured coherence’ of this production–credit–money form, there were risks of overproduction, excess liquidity and exchange rate vulnerability. These risks were actualized between 1996 and 1997 by conjunctural changes: (1) the rush of investment into the computer industry was not matched by the absorption power of the US and European markets; (2) the use of short-term USD-denominated loans to finance long-term projects in the property markets; (3) the sudden rise in the yen and tightening of Japanese credit in early 1997 which led to the emergence of non-performing loans; and (4) an increase in non-performing loans, which led some firms to sell their assets and encouraged international banks and hedge funds to expect the region’s currencies would sooner or later depeg downwards from the dollar. These developments weakened the coherence in and between the production, credit and money forms of the EANICs and other economies in the region. They became disarticulated when the exportist production order overproduced from within and failed to secure cheap and exchange-risk-free credits from without. The baht’s collapse in 1997 sparked a new ‘domino effect’ throughout the region, which then spread to Indonesia, Hong Kong, South Korea, Russia and Latin America and thence to the USA in late 1998 (Chapter 6).

Overall, the Asian crisis disrupted the structured coherence of this ‘exportist’ model. Initially governments in the EANICs developed diverse stimulus packages covering new stabilization schemes to support the stock/property markets and bailout measures. Such confidence-building projects were criticized for favouring vested interested (for example, property, finance and investors) and as being too tightly connected with the politics of redistribution. However, government attempts at economic stimulation through ‘quick fixes’ (for example, increasing public expenditure) failed to revitalize domestic demand, boost exports or promote general ‘prosperity’/‘stability’. Local–national–regional elites are now actively searching for new projects and corresponding fixes and measures to restore the exportist mode of growth and the ‘hegemony’ of the ‘prosperity–stability’ project. This can be seen in new strategies pursued in the third phase of exportism.

Third Phase of ‘Exportism’ (late 1980s–present)

The conjunction of the Asian crisis and the rise of the hegemony of the knowledge-based economy (KBE) paradigm in OECD countries prompted EANICs to re-examine their growth trajectories. The Taiwanese and Singaporean governments were the first to divert resources to electronic- and informational-based production in the 1980s and intensified this strategy after the Asian Crisis. South Korea adopted this strategy later (see Table 5.4), but, in all three cases, this strategy involved changed modes of interscalar and temporal articulation in hardware, software and Internet delivery. Thus private and public actors alike forged alliances between the ‘old’ and ‘new economies’ to capture the benefits of the changing space–time relations enabled by new ICTs. This is reflected in an increased emphasis on speed (cf. Virilio 1994). Of particular importance is the extent to which the speed–time of global information flows, coordinated by globalized networks, is being captured at specific sites as specific local, national and regional actors provide inputs and access points (see Table 5.5). Regionalized and
localized spaces are transformed for speed–time connectivity (for example, broadband cables, e-mail, e-commerce, Wi-Fi). In intercalar terms, this involves more than connecting real time and real space and increasing the speed at which this occurs (for example, through broadband connectivity and other forms of infrastructural provision). It also transforms virtual space into speed–time, reorganizing and customizing the latter in real time so that different kinds of informational product and services with different degrees of time-sensitive and customer-specific contents can be marketed at specific sites.

After the Asian crisis, leading private and public forces combined in many economies to promote growth based on imitating informational capitalism. As in most crisis periods, competing proposals for strategies proliferated, including (1) a reorientation of state and/or partnership strategies towards informatization, research incentivization, knowledge-based manufacturing, knowledge-intensive business services and biotech; (2) different kinds of economic and political rescaling; and, unsurprisingly, (3) more market-friendly, neo-liberal solutions. This section concentrates on proposals that seek to imitate the original Silicon Valley through a strategy of ‘Siliconization’. Private and public forces used the symbolism of ‘hi-tech’, ‘Silicon Valley’ and ‘Silicon Gold’ to establish a new regime of techno-economic truth (Chapter 6; Sum 2003; Jessop 2004a; Sum and Jessop, forthcoming).

Among the discursive practices deployed were (1) privileging ‘silicon valley’ and ‘knowledge-based economy’ discourses to construct new objectives oriented to ‘future growth’; (2) using these objectives to reconfigure techno-economic subjectivities and norms to consolidate an emerging ‘regime of truth’ favourable to informational capitalism; (3) seeking support for these discourses among elites and the wider public; and, on this basis, (4) re-ordering material practices and (re-)building networks across time, space and scale to better coordinate their economic activities in the emerging information age. The momentum behind this strategy increased up to May 2001, when the stock market ‘technology bubble’ burst dramatically. Even after the bubble burst, however, similar regimes of techno-economic truth still guide the reordering of material practices associated with accumulation regimes and modes of regulation, albeit at a slower pace and linked to new economic visions such as ‘biotechnology’, ‘high value-added services’, and high-tech manufacturing and ‘creative industries’ (Sum 2003).

In terms of the labour process, various private–public–parastatal–civic networks are trying to remake the ‘manufacturing plant’ into an ‘information factory/sweatshop’ by speeding production and upgrading its informational level and linkages through heavy investment in education and import of ‘talents’. Information workers provide a service-based interface between production and information work. This interface has both taylorized and ‘innovative’ aspects because highly routinized work in call centres and automated offices coexists with the ‘self-innovative’/‘self-monitoring’ activities of elite symbolic workers. The latter are expected to perform more interchangeable tasks (flexifunctional) in teamwork conditions and cooperate on more flexible hours and working days (flexitime) (Flecker and Hofbauer 1998: 107).

New forms of work are emerging. Sometimes this involves self-contained work groups communicating through telework; sometimes ‘self-directed team-based work’ that encourages ‘entrepreneurial employees’ to bring tacit knowledge to the surface. As information service work expands, ‘new model workers’ with a new kind of subjectivity begin to emerge. They are redefined as ‘entrepreneurial’, ‘creative’, ‘reflexive’ and ‘flexible’. Singapore’s Prime Minister even hailed this as the ‘Silicon Valley of the mind’ (Koh 2000). This extension of the mindscape towards ‘innovative’ service work to produce design and research-intensive goods and services is linked to changes in the wage form. Highly skilled home-grown or imported ‘knowledge workers’ are offered stock options in the hope that they will identify themselves as ‘intrapreneurs’ loyal to the company. At the same time contingent employment is extended through greater use of temporary and part-time workers in areas less crucial to the new firms.

In a Schumpeterian sense, there is increasing emphasis on innovation-and quality-based competitiveness. Among innovative policies and other measures that reconnect/reinvent different sites for speed–time governance are (1) developing flagship ‘incubators’ that all seem to profile themselves as ‘the next Silicon Valley’; (2) building new regional–global networks with Silicon Valley in California and analogous clusters elsewhere (for example, Bangalore and Beijing); (3) promoting finance for hi-tech ventures (for example, venture capital) and developing hi-tech producer services; (4) speeding up information flows between business and universities through the emergence of tightly-knit corporate–academic complexes; and (5) tapping global–regional IT experts to fill the national–local manpower gap and getting involved in the new visa wars (that is, the competition to ease visa requirements for scarce labour).

Whether these discourses and isolated practices can consolidate a new mode of growth depends on the relative balance between path-dependent and path-shaping tendencies in the EANICs. Path dependency implies that an economic system’s prior development shapes current and future trajectories. Nonetheless social forces may intervene in current conjunctures in the hope of reorienting paths so that new trajectories become possible. Whether or not such interventions succeed depends both on the legacies of past development and on the nature of the strategies adopted to shift the
Applications and critical appreciations of the RA path (Jessop 2001a). For example, Taiwan with a longer history in adopting the ‘siliconization’ strategy is slowly turning into a regional R&D base as its OEM are moving to southern and eastern China. Hong Kong’s high-tech Cyberport project was introduced to pacify the effects of the Asian crisis and did not blaze a hi-tech trail. However, the siliconization strategy has reshaped Hong Kong’s finance-service path in the higher-tech direction of becoming a ‘financial, business and logistic hub’ coupled with tourist services (Sum 2004; Sum with So 2004; Sum and Jessop, forthcoming).

CONCLUDING REMARKS

First, regarding the relative importance of market and state as causal factors in the East Asian miracle economies, we emphasize the inherent implausibility (and Eurocentric bias) of separating market and state in these terms. A growing body of theoretical and empirical literature on regulation and governance reveals the poverty of this dichotomizing, polarizing approach compared with the abundance of mechanisms for economic and political coordination. Clans, networks, alliances and cliques have their role to play and, even where arm’s-length market relations operate, they are stabilized through their own distinctive social embeddedness and modes of calculation. We should move beyond market–state debates to explore how economy and state are mutually implicated, structurally coupled and coevolving.

Second, there is a metropolitan bias in applying a (peripheral) Fordist model to East Asian economies or comparing them exclusively with the Fordist model. To avoid this, we have presented a stylized exportist model of the dynamics of the export-oriented economies of the EANICs, their changing modes of interscalar articulation and the linkages between labour processes, accumulation regimes, modes of regulation and modes of societralization. We have also distinguished three phases of EANIC ‘exportism’ in terms of their time–space reach and governance. The initial phase linked national space to the internationalization of production. Private and public actors adopted low-cost and/or protectionist strategies to regularize national conditions for time-bound production destined for global markets. This phase overlapped with the second as private–public/public-led actors expanded their activities across borders through ‘growth triangles’ and ‘transnational technological complexes’ that extended economic activities by combining localized, cross-border and transnational networks. This spatial distantiation also stretched the timelines of production, increasing the demands on command, control and coordination.

The increased flow of FDI and portfolio capital into the region following the Plaza Accord boosted these cross-border production networks but also fuelled the rise of production–trade–property–finance complexes in the EANICs. When the speculative ‘property and stock market bubbles’ burst, these complexes reinvented themselves – albeit in more complex circumstances. In particular, they now operate in a context of a globalizing, knowledge-based economy (GKBE). This third phase involves EANICs in a more basic time–space transformation with the increased importance of ever more rapid connectivity in virtual and real space and their dependence on global demand for informational products/services. This can be illustrated through the strategy of ‘siliconization’ as the EANICs seek to complement global–regional–national–local space with the speed–time governance of the GKBE with its emerging production–trade–finance–technology complexes. These strategies involve insertion into the Silicon chain as junior partners with distinctive forms of struggle and friction. It is beyond the scope of this chapter to offer detailed case studies. However, it is important to note by way of conclusion that each phase of development incorporates and absorbs the events of its past as well as involving struggles over possible new directions. This dialectic of path dependency and path shaping can be seen in the case of the EANICs. Thus export dependence in an exportist mode of growth may lock them into continuing efforts to acquire knowledge that are related to their respective export specialization in each stage of capitalist development. However, this lock-in effect does not entirely preclude actors from reshaping and diversifying through path-dependent learning and major struggles over new strategic directions.

NOTES

1. O’Riain has recently proposed the notion of ‘flexible developmental state’ (2000). For him, embedded autonomy is not guaranteed by a coherent bureaucracy but by the state’s flexible structure. This enables state agencies both to embed themselves deeply in dispersed networks of clients/constituencies; and to retain some autonomy despite their close relations to their constituencies. Although it tries to overcome the difficulties of the so-called bureaucratic developmental state, this formulation raises the question of how flexibility in structure can coexist with a Weberian framework that emphasizes centralized hierarchy, bureaucratic norms and standardized rules. The author asserts this possibility but does not explain how it can occur.

2. This was assisted by tendencies in the periphery such as the willingness and capacities of the ruling classes and the state to implement a cheap-labour strategy.

3. This corresponds to secondary import substitution industrialization (hereafter ISI) and the primary export-oriented industrialization (hereafter EOI) phases of NIC development.

4. Whilst the growth dynamic of peripheral Fordism was initially extraverted, it could later become ‘interiorized’ as the global dynamic was internalized through the structural coupling of different national economies and the strategic coordination of economic policies across them.

6. We use ‘extraversion’ differently from Samir Amin. He interprets extraversion as a mechanism leading to underdevelopment. Thus ‘peripheral capitalism’ differed from ‘central capitalism’ because it was not autocentric and had little chance to escape its vicious dependence on another system (Samir Amin 1974, 1975). We agree with Cardoso (1973) that dependent development is possible even if the economy is extraverted and forms an integral part of the global economy. We use extraversion simply as a counterpoint to the autocentricity of Fordism; it conveys no message about the best trajectory for economic development.

7. Elsewhere one might explore the role of the military–police–security complex in ‘peripheral Fordism’ or exportism as a source of integration in global circuits.


9. Hong Kong had already adopted an earlier version of this ‘marketized-workfare’ discourse in its official doctrine of ‘laissez-faire’ from the 1950s.

6. A regulationist perspective on the Asian ‘crisis’ and after

Drawing on the analysis in the previous chapter, we now revisit phase two of exportism with special reference to the Asian crisis. This is often said to have started when Thailand’s central bank devalued the baht by 15–20 percent in July 1997. It then spread to Indonesia, Malaysia, Hong Kong and South Korea. There are many different accounts of this crisis. We start with interpretations couched in terms of the state- and market-failure debate, which continues the state versus market debate concerning the ‘Asian miracle’ (for a more general discussion of market and state failure, see Chapter 8). We then critique this debate and develop a regulationist explanation by relating the crisis to global and regional changes in production and financial forms since the 1980s. We conclude with some remarks on how the regulation approach can re-orient the debates on the Asian crisis.

TWO LEADING EXPLANATIONS OF THE ASIAN CRISIS: STATE FAILURE V. MARKET FAILURE

Chapter 5 noted that the study of EANICs has long been dominated by the state versus market debate. Unsurprisingly, this dichotomy is reproduced in contrasting explanations of the Asian crisis in terms of state versus market failure. Krugman (1997, 1998a, 1998b) and Corsetti et al. (1998) propose a (developmental) state failure account. They suggest a domestic view of the crisis that is characterized by close relationship between states, banks and businesses; for example, business loans were underwritten by state policies and assured bailouts in times of problems. This led to moral hazards, or worse, ‘cronyism’ and poor governance. Some international organizations and western commentators have also adopted claims about ‘crony capitalism’ to explain the crisis. For example, the World Bank narrated the causes of the crisis in terms of the ‘perverse personal and shareholding connections between the lenders and borrowers’, inadequate bank supervision, a lack of transparency, state-directed lending and political pressures for loans. These were held responsible for bad loans that could total as much as USD660
Applications and critical appreciations of the RA billion (Friedman 1997). Krugman was even more explicit when he linked the crisis to the

fuzzy line ... between what was public and what was private; the Minister’s nephew or President’s son could open a bank and raise money from the domestic populace and foreign tenders, with everyone believing that their money was safe because official connections stood behind the institutions. (Krugman 1998c: 19)

As well as its alleged lack of transparency and inadequacies in financial regulation, this state-directed investment system allegedly produced ‘excesses’ and ‘hazards’. This view also played a key role in the IMF’s design of structural adjustment packages attached as conditions for its bailouts. The latter include high interest rates, restricting domestic demand and further liberalization of financial sectors.

Market failure is a second explanation. Sachs (1997) pointed to a classical financial panic: a run on the banks and mass capital flight were worsened by a mismatch between banks and borrowers. This was combined with global speculative attacks on currencies and a collapse of asset values. Sachs claims that such attacks had little to do with economic fundamentals. Instead he highlighted a panic by international market investors and IMF macroeconomic policies that caused more debt problems for the EANICs (Sachs 1997; Radelet and Sachs 1998). While Sachs saw nothing fundamentally wrong with EANIC economies, Wade and Veneroso (1998) and Billaudot and Figuière (2000) celebrate them for the cooperative and reciprocal relations among firms, banks and governments that typify the ‘high-debt model’ of the developmental state. But export-oriented growth plus high debt made the EANICs vulnerable to external shocks generated by international financial markets. This was exacerbated by liberalization of their capital accounts and deregulation of domestic financial markets under formal and informal pressure from the IMF and other international financial institutions, the US Treasury and Wall Street investment banks. Hence the crisis originated in unregulated and volatile international capital flows rather than the developmental states themselves. Indeed, for Wade and Veneroso, state intervention becomes even more important as a buffer against external shocks and against internal financial instability.

Both explanations are one-sided. The state failure account focuses on some long-standing and essentially national/internal features of state–business links in specific EANICs. Paradoxically, these same features had previously been invoked to explain the success of EANICs. In any case, their longevity means that these features can hardly explain the timing and volatility of the crisis in the region. Yet, as the crisis unfolded, the IMF appropriated this interpretation to lend moral weight to its structural adjustment programmes for some EANICs. Conversely, the market failure account overemphasizes global–external and financial factors. This neglects problems in the ‘real economy’ and its links with finance. Moreover, in focusing one-sidedly on the global or the national, both accounts overlook the complex multiscalar nature of the crisis.

REGULATIONIST EXPLANATIONS OF THE ASIAN CRISIS

The RA might offer a more complex explanation of the crisis. Drawing on some regulationist ideas, Lo (1999) depicts a distinctive East Asian regional accumulation regime based on three sources: (1) references to a regional accumulation regime in East Asia in Arrighi’s work on the three moments of the capitalist world economy in the long twentieth century (1994: 332–55); (2) Lo’s own work on the region’s rigidity; and (3) institutional analyses of how recent shocks were aggravated by the end of US favouritism and China’s emergence as a regional economic power. This approach offers some useful conceptual and empirical pointers for a more complex account – especially in integrating Arrighi’s work on ‘systemic crises’ and in relating the East Asian crisis to the breakdown of the regional accumulation regime. However, while he includes the ‘real economy’ in his explanation, he does not fully synthesize this with the financial aspects of the crisis. Thus he is liable, in turn, to the charge of overemphasizing production.

Given these criticisms, we offer an integral approach that examines both production and finance in their own terms and in terms of their articulation. Of particular interest is whether the production and financial orders cohere in a reasonably complementary and stable manner from the mid-1980s to the Asian crisis. If so, one could talk of a ‘structured coherence’ (Harvey 1982) among the main features of the two orders, in this context, of course, a structured coherence between a regional–national production and a regional–global financial order. Adopting this perspective enables us to advance beyond Arrighi’s work on East Asia regional production regimes to the financial regime, as well as Lo’s proposed synthesis, in two ways.

First, Arrighi and Lo study the systemic nature of economic regimes, with one interested in accumulation by the hegemonic economic power on a world scale, the other in regional accumulation regimes. Although they consider different scales, neither Arrighi nor Lo shares the typical Parisian regulationist concern with national accumulation. But they both neglect some regulationist concepts that could highlight the complex interconnections between production and finance in the East Asian mode of growth. These concern the meso-level mode of regulation in the sense of
an emergent ensemble of norms, institutions, organizational forms, social networks and patterns of conduct that can stabilize accumulation regimes (see below).

Second, although Arrighi focuses on East Asia’s export orientation from the 1970s onwards, he is more interested in its relation to US growth dynamics and US hegemony than the specificities of East Asian exportism. In this sense, his work shares the deficits of Lipietz’s analysis of peripheral Fordism discussed in the preceding chapter. In exportism, which is an extraverted rather than an autocentric mode of growth, profits depend on access to foreign markets. This means that final demand lies beyond the control of the local state and/or local capital in the aggregate and that exportism’s dynamic is more or less uncoupled from domestic consumption. For the exportist cycle proceeds from investment (for exports), actual production and effective realization of profits, to reinvestment; consumption itself is flexible and subject to continuing capacity to export and international terms of trade. Thus the pressure for adjustment falls on the flexibilization of the supply-side factors, for example, the organization within and across firms that are flexi-waged, flexi-timed, and flexi-spaced (Chapter 5).

Our own approach is more comprehensive and proceeds in four steps. The first two are mainly conceptual, the last two are empirical. First, we argue that the production and financial aspects must be analysed in their own terms as well as in terms of how their main features came to acquire ‘structured coherence’ (ibid.). The RA is useful here. In particular, we build on Arrighi’s and Lo’s accounts by (1) including the meso-level aspects of mode of regulation in both the production and financial circuits as well as key macroeconomic aspects of the accumulation regime; (2) analysing the enterprise form and enterprises as the object/subject of regulation in the production circuit; (3) examining the money, credit and currency systems as the objects/subjects of regulation in the financial circuit; and (4) analysing the links between these production and financial forms in terms of a relatively strong and stable ‘structured coherence’. This enables us to reconsider linkages among the production, credit, money and currency forms in East Asia since the 1980s.

Second, drawing on our regulationist account of exportism, we explore the implications of its distinctive ‘investment–production–reinvestment’ logic. We also consider the meso aspects in terms of specific interconnections between the production and financial forms at different stages. Third, we concentrate on some events that changed the region between phases one and two of East Asian exportism (Chapter 5). Of particular importance here is the Plaza Accord (1985) through which the US government sought to force a revaluation of Asian currencies in the hope of correcting its trade deficits with the region. The post-Plaza period witnessed an articulation between the production and financial forms that can be summarized as a Japan-led regional–national production order financed by export-oriented FDI (foreign direct investment) and an American-dominated soft dollar bloc regime linked to a yen-appreciating bubble. The relations between these two orders displayed a strong and stable ‘structured coherence’ and constitute major structural aspects of the crisis.

Fourth, despite this coherence, the structure of these productive–financial orders made them liable to at least three forms of crisis: overproduction–underconsumption, overborrowing, and exchange rate weaknesses. This vulnerability was exacerbated by conjunctural developments such as the rise of China as a major production site; the bursting of the ‘property bubble’ in Japan; the joint US–Japan decision to deprecate the yen in 1995; and a regional credit crunch. For these developments disrupted the previous coherence within and between the two orders. The resulting disarticulation, combined with national–local circumstances, affected the region’s economies in different ways.

AN INTEGRAL ECONOMIC APPROACH TO THE ASIAN CRISIS IN THE POST-PLAZA PERIOD

In the pre-Plaza period, EANICs were exportist national economies connected to global circuits of capital organized primarily around the national and global scales. Changes in global capitalism in the 1980s increased the importance of regional activities. For Asia, these changes included (1) the increasing importance of regional collaboration to ensure cost reduction in production, R&D, and so on, and rapid cost recovery in an era of accelerating as well as increasing competition; (2) the ICT revolution, which allows rapid transmission of production and financial information within and across the regions; (3) the impact of the 1980s neo-liberal turn, which introduced financial liberalization to the region; (4) the end of the Cold War, which increased the priority of multilateral geo-economic concerns relative to bipolar geo-political worries in this region; (5) the emergence of Japan as a regional hegemon and the rise of the EANICs as major players in the global economy; and (6) the growing US–Japan trade deficits and accumulating surpluses in Japan.

These developments contributed to the emergence of complementary and stable relations between the production and financial orders in East Asia. The production order was mediated by a Japan-led regional–national production order that integrated East Asia into the wider global economy. This began in 1985 when the US tried to reverse its trade deficits with Japan through the Plaza Accord. This entailed a yen–dollar accord that required joint US–Japanese intervention...
in foreign-exchange markets to correct trade imbalances. This resulted in the yen’s appreciation against the dollar. Saddled with uncompetitive export prices, the need for cost reduction, surplus capital, and fearing greater protectionism in US and European markets, Japanese capitals opted to transfer some labour-intensive manufacturing production to other parts of Asia. This occurred through changes in enterprise form that were financed by FDI. More specifically, Japanese capitals extended their subcontracting networks to other parts of Asia. These specialized in product/component sourcing based on co-ordination between Japanese parent multinationals, affiliates in East Asia, companies that belong to the parents’ group, home suppliers’ offshore affiliates and complex service firms (Sum 1997: 172–3). These subcontracting networks were financed by Japanese FDI, which doubled between 1985 and 1986. It doubled again by 1988 and peaked at USD67.5 billion in 1989.

These regional production networks were expressed in the well-known ‘flying geese’ metaphor. Japan was portrayed as the spearhead of the flock, the four EANICs were following close behind, and the six ASEAN economies were seen as next for take off. This image, though not uncontested, aimed to reinforce a ‘synergistic’ division of labour. It was seen as synergistic because Japan concentrated on high-tech and R&D; South Korea and Taiwan specialized in high-valued OEM (original equipment manufacturing) related to intermediate parts, Hong Kong and Singapore as service centres, and low-value products would come from Malaysia, Thailand and China. In this regard, the region was tightly integrated to provide semi-conductors, electronic goods, textiles and clothing, and other products mainly for the American markets. This synergistic intraregional relationship also involved competition and ‘leapfrogging’ behaviour. There were well-known ‘leapfrogging’ cases and some firms were able to compete with their Japanese counterparts (for example, Hyundai, Singapore Airlines and Hong Kong Bank). However, these examples are better treated as exceptions rather than the rule. Developing the capabilities to acquire and operate foreign technology did not necessarily lead, in each country, to an ability to adapt or innovate, let alone to ‘leapfrog’. A study on Singapore’s electronic industry showed that local firms pursued a long-term, painstaking, incremental learning path rather than leaping from one vintage of technology to the next. Their development involved ‘hard slog’ rather than ‘leapfrog’ (Sum 1996: 228–30). In this regard, economies in the region were highly dependent on Japan. More specifically, roughly half of total trade was intraregional with a high proportion of the exports from Japan to EANICs (except South Korea) as being capital goods and sophisticated parts. These capital goods were used by Japanese or Japan-related subsidiaries/subcontractors for the region’s export-oriented production.

This Japan-led regional production order was complemented by the American-dominated financial order. The latter can be examined in terms of its credit and currency forms. First, regarding the credit form, Japan was the major provider of industrial and trade finance. This was organized through direct lending by Japanese banks to Japanese multinationals and affiliates in the region. FDI financed a high import content of intermediate capital from Japan. Up to 1995, Japan accounted for 20 percent of the region’s FDI. Second, regarding money-currency form, all EANICs have their own national currencies but most of them are formally or informally pegged to the US dollar. The hegemony of the dollar created a kind of soft dollar-bloc regime (or pegged-rate dollar standard) that was linked to a ‘yen-appreciating bubble’. This money-currency form suited the export-oriented region in two ways. First, since most of East Asian imports and exports are invoiced in dollars, it reduced the currency risks involved in trading with major markets in the US or elsewhere. Second, the dollar pegs anchored their domestic monetary policies. This means that the policies of Indonesia, South Korea, Malaysia, the Philippines, Thailand, Hong Kong and Singapore were loosely tied to each other. This protected each of these economies from competitive devaluations by the others and thereby stabilized their domestic price levels from the 1980s to 1996 (McKinnon 1999: 97–9).

More important than the nature of the credit and money-currency forms is how they were articulated with and complemented the post-Plaza production order. Hegemonized by the ideology of ‘development’ and ‘catchup’ discourses, the EANICs were strongly oriented to investing in upgrading technologies and/or innovating for niche markets. This required high investment and, given that these economies compete/cooperate to export primarily to the US market, profits for some tend to be relatively low. The combination of export orientation, high investment and relatively low profit meant that this production order required much external trade and finance.

In terms of external trade, a soft dollar-bloc regime stabilized their import–export prices with few risks of competitive devaluation between the 1980s and 1996. Moreover, given that this regime was also linked to the ‘yen-appreciating bubble’, export competitiveness in dollar terms of the EANICs was also improved relative to Japan. Under these conditions, the former became cheap labour sites (especially for OEM) of Japan; export platforms could also enhance the region’s external trade. As for external financing, a dollar-bloc regime with a stable yen–dollar rate encouraged foreign borrowing that involved no exchange risk. In the case of Japanese lending and FDI, the ‘yen-appreciating bubble’ was also significant, especially once Japanese interest rates were lowered in 1987. The share of
Japanese FDI going to emerging Asia and China rose from 12.1 percent in 1986 to 46 percent at the turn of the 1990s. In turn, such outflows, especially Japanese capital going to the EANICs, stimulated EANIC investment flows to the ASEAN countries. This further deepened the regional production and financial order and created a more complex interscalar articulation than the global–national scales in phase 1 of EANIC development (see Table 5.5).

In short, the (re-)investment- and export-oriented Japan-led production order depended heavily on external trade and financing. It was complemented by an American-dominated dollar-bloc regime that could enhance its external trade by stabilizing its import–export prices as well as providing external financing at no exchange risk. So complementary and stable were these features between 1985 and 1995 that they produced a certain ‘structured coherence’ between the production and financial orders that stabilized exportist regimes of accumulation that are based on the dynamics of investment–production–reinvestment (Figure 6.1).

Post Cold War/Post-Plaza
(Regionalization in Asia)

Later Bretton Woods
(Dollar-bloc regime)

Regional–National
Production Order

Global–Regional
Financial Order

Production form
JAPAN
• R&D developments
• Technology
• Component exports
EANICs
• OEM
• Trade and financial services
ASEAN/China
• Labour-intensive production

Credit form
• External finance
• Trade and industrial finance
• High important content of FDI

Money currency form
• Pegged rate dollar standard
• Stable yen–dollar rates
• ‘Yen-appreciating bubble’

Later Bretton Woods
(Dollar-bloc regime)

Figure 6.1 The ‘structured coherence’ between the production and financial orders in the post-Plaza stage, 1985–95

A regulationist perspective on the Asian ‘crisis’

Despite their mutual ‘structured’ coherence, these orders were also prone to crisis tendencies in their production, credit and currency forms. These included, respectively, risks of relative overproduction–underconsumption, excess liquidity, and exchange rate vulnerability. Thus, corresponding to the ‘development’ and ‘catchup’ dynamic of the region in the production order, the allocation of domestic and Japan-related credit privileged (re-) investment rather than consumption (Chapter 5). The risk here is one of overinvestment and overproduction. Rapid expansion of (potentially excess) productive capacity in the region tends to increase land and labour costs; and the resulting expansion of production can exceed market growth and thereby trigger falling prices for the resulting goods. When costs rise and prices fall, profits are squeezed. One counter-tendency to this was the shift from higher to lower cost production sites within the region, but this intensified investment demands and problems of excess capacity as well as profit squeeze.

Overproduction/underconsumption and profit squeeze are readily aggravated by financial liberalization and easy credit available at no exchange risk. This easy infl ow of FDI and credit capital exceeded the absorptive capacity of economies already prone to overproduction. This (over)supply of cheap foreign credit went into stock market speculation, property price inflation and even risky loans to local companies. This increases tendencies to bad debts and even credit contraction. Speculation can aggravate this by generating rapid rises in asset values (for example, shares and property). This in turn can induce overproduction of property at mega-level prices. As speculators turn from buying to selling, the ‘property bubble’ bursts and banks will start to call in loans and cut credit lines. This development generates non-performing loans and may even lead to potential or actual bank runs or failures.

There is no necessary link between a crisis in the credit form and a currency crisis, that is, a speculative attack that forces steady currency depreciation or a sharp devaluation (Liew 1998: 313), but this did become a problem when Asian economies started to run balance of payments deficits and to overborrow under the soft dollar-bloc regime. In terms of trade balance, deficits appear when export values do not keep pace with imports to enhance industrial capacity and productive real estate. Accumulating deficits make it hard for these economies to maintain their peg to the dollar. This pressure upon the pegged system was coupled with a declining quality of investment. Because governments in the region could no longer maintain the dollar peg and started to depreciate, the size of the foreign debt burden
that local firms had to service rose in local currency terms. In other words, currency depreciation may raise the borrowing costs and can result in firms defaulting on their debt payments. These debt problems can then spread to more prudent banks and firms.

**SOME CONJUNCTURAL FACTORS BEHIND THE CRISIS: DISARTICULATION WITHIN AND BETWEEN THE PRODUCTION AND FINANCIAL ORDERS**

These crisis tendencies were actualized by various conjunctural developments. Regarding the production order, the entrance of China into global–regional production intensified the tendency towards overproduction in the EANICs. The latter’s competitive edge stems from its supply of cheap skilled and unskilled labour as well as the preferential conditions it offers to foreign capital. Given the PRC’s strong competitive challenge, the EANICs had to respond with technological upgrading and/or expanding innovative capacities. This was associated with attempts to climb the value chain in established sectors (for example, clothing and electronics) and/or to move into or upgrade their position in manufacturing and services. This was combined with the relocation of Japanese industries to the region. Together they formed part of the Japan-led production order with each co-operating and struggling to climb the technological/innovation ladder. This ‘catchup’ process and efforts to upgrade technologies, processes and products and/or to innovate in these areas encouraged new rounds of investment in the region’s economies. Between 1990 and 1995, gross domestic investment grew by 16.3 percent per annum in Indonesia, 16 percent in Malaysia, 15.3 percent in Thailand, and 7.2 percent in South Korea. By comparison, investment in the US grew by 4.1 percent per annum over the same period.

This ‘(re-)investment rush’ occurred on the basis of unrealistic projections about future global demand and led to excess production capacities. For example, in response to a temporary shortage of 16 megabits dynamic random access memory chips (DRAMs), Korean chaebol increased their investment between 1994 and 1995. Supply shortages had disappeared by 1996, however, and excess capacity began to build up. The retail price of DRAMs dropped by 90 percent in 1996. Similar excess capacity could be seen in the Thai property market, with 365,000 unoccupied apartment units in Bangkok in early 1997. In both cases, of course, overcapacity led to declining profit rates.

These problems were substantiated by a firm-based study (Claessens et al. 1998) of selected Asian economies since the late 1980s. Rates of corporate investment were consistently high for all economies, apart from Hong Kong (Table 6.1). The regional ‘(re-)investment rush’ exposed these economies to overproduction as prices of goods fell and profitability was relatively low. The same study recorded relatively low profitability rates in Hong Kong, South Korea and Singapore as compared with Taiwan, Malaysia, Thailand and Indonesia. However, in general, all these economies, except Taiwan, were experiencing declining profits in some form (Table 6.2).

**Table 6.1 Capital investment in selected Asian economies (%, medians, in real local currency)**

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<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>16.6</td>
<td>7.6</td>
<td>19.8</td>
<td>5.8</td>
</tr>
<tr>
<td>South Korea</td>
<td>13.8</td>
<td>19.6</td>
<td>11.2</td>
<td>12.4</td>
</tr>
<tr>
<td>Singapore</td>
<td>7.6</td>
<td>8.8</td>
<td>11.3</td>
<td>12.5</td>
</tr>
<tr>
<td>Taiwan</td>
<td>n.a.</td>
<td>14.3</td>
<td>8.4</td>
<td>11.2</td>
</tr>
<tr>
<td>Malaysia</td>
<td>7.6</td>
<td>9.6</td>
<td>13.4</td>
<td>14.6</td>
</tr>
<tr>
<td>Thailand</td>
<td>12.9</td>
<td>15.0</td>
<td>15.0</td>
<td>14.5</td>
</tr>
<tr>
<td>Indonesia</td>
<td>n.a.</td>
<td>12.4</td>
<td>8.6</td>
<td>13.8</td>
</tr>
</tbody>
</table>

*Source: Adapted from Claessens et al. (1998: 8).*

**Table 6.2 Return on assets for selected Asian economies (%, medians, in real local currency)**

<table>
<thead>
<tr>
<th></th>
<th>1989</th>
<th>1991</th>
<th>1993</th>
<th>1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong Kong</td>
<td>5.3</td>
<td>4.8</td>
<td>3.8</td>
<td>3.9</td>
</tr>
<tr>
<td>South Korea</td>
<td>3.9</td>
<td>4.0</td>
<td>3.6</td>
<td>3.6</td>
</tr>
<tr>
<td>Singapore</td>
<td>4.5</td>
<td>3.9</td>
<td>4.6</td>
<td>3.9</td>
</tr>
<tr>
<td>Taiwan</td>
<td>n.a.</td>
<td>5.1</td>
<td>6.5</td>
<td>6.5</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5.6</td>
<td>6.2</td>
<td>6.5</td>
<td>6.1</td>
</tr>
<tr>
<td>Thailand</td>
<td>11.0</td>
<td>11.2</td>
<td>9.8</td>
<td>7.8</td>
</tr>
<tr>
<td>Indonesia</td>
<td>n.a.</td>
<td>9.1</td>
<td>7.9</td>
<td>6.2</td>
</tr>
</tbody>
</table>

*Source: Adapted from Claessens et al. (1998: 4).*

This overinvestment and overproduction was exacerbated by the limited potential to switch export markets from the USA and/or fully absorb any
unsaleable export production within the region itself. Consumption has obviously risen in the region as economic growth has continued, but the weight and dynamic importance of export-oriented production makes rapid reorientation of output very difficult. The Japanese and EANIC economies have high saving ratios and the crisis may even increase the inclination to save. This is especially clear for Japan with its aging population and decade long stagnation. Conversely, although the Chinese market is potentially huge, the low-wage regime in China and its low per capita annual income (USD621 in 1998) inhibit any switch to this market of the goods produced in the region and previously exported to high-income economies.

Access to cheap credit and the bursting of the ‘yen-appreciating bubble’ exaggerated these problems. In the early 1990s, cheap credit became easily available in the global–regional contexts of: (1) the liberalization of the global financial markets; (2) the emergence of Tokyo and Hong Kong as regional financial centres; (3) the bursting of the Japanese property/stock market ‘bubbles’ and the emergence of bad debts therein; and (4) the resultant low interest rate in Japan (reaching 0.5 percent). The ample supply of portfolio capital in Japan was matched by the bursting of the ‘yen-appreciating bubble’ in 1995. In that summer, the American Treasury and the Japanese Ministry of Finance agreed on a deal to help re-elect Clinton by running a ‘strong dollar’ policy. The latter enabled the US to attract foreign capital to finance its deficits. This ‘strong dollar policy’ also meant depreciation of the yen against the dollar by about 60 percent between April 1995 and April 1997. The speed and extent of the fall had a major impact upon Japanese FDI and portfolio capital for the EANICs.

A decline in the yen slowed FDI flows from Japan to the EANICs. This was matched by the outflow of Japanese portfolio capital to these economies as the falling yen created arbitrage opportunities for local and overseas banks based on Japan’s low interest rates. Japanese, American and European banks began to develop new offshore practices that came to be known as the ‘yen carry trade’. Godement illustrated these practices by means of the following two-part example:

Borrowing (by banks) at 1 per cent on three-month terms while the yen stands at 100 to the US dollar, and immediately lending at 6 per cent for one year in a currency tied to the dollar is the first part of the trick. Paying back the initial loan after the dollar has climbed to 110 yen, or even better, loaning the money again while rolling over the short-term yen, is the second part. (1999: 44)

Owing to its popularity as a credit device, most Asian economies came to depend on short-term cheap money from ‘offshore’ to finance long-term domestic projects. Between 1995 and 1997, Japan was the single most important source of portfolio investment and provided about 31 percent of the total in the region. For their own political and economic reasons, some Southeast Asian governments (notably Thailand and Indonesia) started to run easy credit policies to foster growth. On balance these portfolio credits tended to be short-term and many went into the property market, speculation, infrastructural projects and corporate bonds. Thus the Japanese property/stock market bubbles were exported to other parts of Asia. In the case of Thailand, much of the portfolio investment from Japan was poured into property speculation; by 1995, an overhang of unsold buildings was leading some building firms to close down. By 1996, non-performing loans in Thailand were about 9.2 percent of its GDP. As for South Korea, a massive rise in investment increased the volume of stockpiled goods. Faced with cash flow problems, firms obtained more short-term loans from foreign banks. By 1996, the non-performing loans in South Korea were about 6 percent of GDP (Sparks 1998: 25–7; Liew 1998: 306).

Two incidents at the end of the first quarter of 1997 intensified overborrowing and exchange rate vulnerabilities. Japanese banks and their subsidiaries needed to increase their assets in advance of the Bank of International Settlement’s risk-weighted requirements in March 1998 (King 2001: 440). Thus they were less willing to roll over short-term credits. This tightening of Japanese credit was coupled with a sudden rise in the yen, making short-term borrowing less attractive (Godement 1999: 45). This created a vicious spiral of illiquidity, leading possibly to insolvency and a consequent worsening of new asset positions of the Japanese creditors. In turn, this deterioration of financial intermediation abilities of Japanese banks exacerbated the domestic and regional credit crunches. This further prompted an increase in non-performing loans, leading some firms to sell off their products cheaply. It also led international bankers and hedge fund managers to expect that the region's currencies would sooner or later de-peg from the dollar and depreciate (or be allowed to float). Such depreciation would inevitably increase the debt burden of local firms when measured in local currency.

Speculators first attacked the Thai baht on 5 February 1997. Japanese banks reacted by withdrawing USD4.6 million in loans in the second half of 1997. To defend its currency, the Bank of Thailand raised interest rates and bought billions of baht forward. The domestic credit squeeze increased pressure on weak financial institutions and companies to close down. By mid 1997, the Bank had used about half of its foreign reserves in defence of the baht. On 2 July 1997, it allowed the baht to float. Non-performing loans were estimated at 25 percent of the total. Only two of the 58 financial institutions that were closed had sufficient capital to reopen (Sparks 1998: 25–8).
triggered a financial contagion that quickly spread from Thailand to other parts of Asia between July and December 1997. It was estimated by Howell (1998) that USD 62.2 billion of private financial capital fled the region in 1997 and monthly data for 1998 showed that outflows had not halted. IMF austerity measures required from Thailand, Indonesia and South Korea did not deliver major inflows of funds to compensate for the massive outflows. The ‘contagion’ led to a new ‘domino effect’ that moved to Russia then to Brazil and Scandinavian countries (Figure 6.2). In September 1998, the near-collapse of the Connecticut-based Long-Term Capital Management in the USA also exposed the vulnerabilities of major American and European banks and hedge funds.

The ‘contagion’ led to a new ‘domino effect’ that moved to Russia then to Brazil and Scandinavian countries (Figure 6.2). In September 1998, the near-collapse of the Connecticut-based Long-Term Capital Management in the USA also exposed the vulnerabilities of major American and European banks and hedge funds.

Differential Impact of the Crisis and the Case of ‘Greater China’

These conjunctural developments – the arrival of China as a competitive production site, the export of the Japanese property/stock market bubbles, the US-Japan deal to devalue the yen and the regional credit crunch – weakened the ‘structured coherence’ within and between the production and financial orders. They became disarticulated when the export-oriented production order overproduced from within and failed to secure its usual cheap and exchange risk-free foreign credits. Such disarticulation at the end of 1997 did not have the same impact on all economies in the region. Data relevant to this period reveal a differential impact of the crisis on then ‘stronger’ economic formations (such as Taiwan, Hong Kong and Singapore) and ‘weaker’ formations (such as the Philippines, Malaysia, South Korea, Thailand and Indonesia) (see Table 6.3). In this regard, it is perhaps more accurate to refer to Asian crises rather than the Asian crisis. Economies in the so-called ‘Greater China’ region, especially Taiwan, seem to have escaped the direct effects of the crisis.

Table 6.3  Differential impact of the crisis: changes in stock prices and currency (% measured in USD Jan 1 to Oct 31 1997)

<table>
<thead>
<tr>
<th></th>
<th>Stocks</th>
<th>Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(A) ‘Stronger’ economic formations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>–28.7</td>
<td>–12.3</td>
</tr>
<tr>
<td>Taiwan</td>
<td>6.9</td>
<td>–12.1</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>–19.5</td>
<td>0</td>
</tr>
<tr>
<td><strong>(B) ‘Weaker’ economic formations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>–42.4</td>
<td>–33.4</td>
</tr>
<tr>
<td>Malaysia</td>
<td>–46.0</td>
<td>–32.8</td>
</tr>
<tr>
<td>South Korea</td>
<td>–28.0</td>
<td>–14.3</td>
</tr>
<tr>
<td>Thailand</td>
<td>–45.4</td>
<td>–58.0</td>
</tr>
<tr>
<td>Indonesia</td>
<td>–21.6</td>
<td>–53.0</td>
</tr>
</tbody>
</table>

Source: Adapted from Fortune, 24 Nov. 1997, 32.

This differential impact of the crisis was largely related to the pre-existing strengths and embedded capacities of each economy. Relevant factors here include current account balances (Table 6.4), foreign debts and reserves (Table 6.5), openness to global capital, government capacities (for example,
power to regulate financial institutions) and, equally important, the balance of economic, political and social forces at home. It is beyond the scope of this chapter to deal with the specificities of individual economies and their diverse strategies of restructuring. A substantial body of literature has concentrated on the cases of Indonesia, Malaysia, Thailand and South Korea, with the latter two economies already showing signs of economic recovery from the end of 1998 (Noble and Ravenhill 2000; Woo et al. 2000). Instead, this section seeks to examine briefly some of the ‘stronger’ economic formations, especially those in the ‘Greater China’ region.

Table 6.4 Current account balances (as % of GDP)

<table>
<thead>
<tr>
<th></th>
<th>1995–6</th>
<th>1998–9</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A) ‘Stronger’ economic formations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>16.1</td>
<td>16.4</td>
</tr>
<tr>
<td>Taiwan</td>
<td>3.0</td>
<td>2.2</td>
</tr>
<tr>
<td>China</td>
<td>0.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1.4</td>
<td>1.1</td>
</tr>
<tr>
<td>(B) ‘Weaker’ economic formations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>–3.7</td>
<td>0.3</td>
</tr>
<tr>
<td>Malaysia</td>
<td>–7.1</td>
<td>–1.4</td>
</tr>
<tr>
<td>South Korea</td>
<td>–3.3</td>
<td>7.0</td>
</tr>
<tr>
<td>Thailand</td>
<td>–8.0</td>
<td>5.6</td>
</tr>
<tr>
<td>Indonesia</td>
<td>–3.6</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Source: Adapted from J.P. Morgan, World Financial Markets (first quarter 1998).

Taiwan escaped devastation from the crisis. Pre-existing strengths that helped here include (1) a flexible production form that is based on a small- to medium-sized manufacturing system and cost effectiveness; (2) infrastructural and financial support for state-linked firms and industries; (3) its position as an exporter of capital with large reserves; (4) the associated low external debts of the government and corporations; (5) a financial form that is not yet fully deregulated with exchange controls on foreign investment; and (6) an early devaluation of the New Taiwan dollar (NTD) in August 1997.

Benefiting from this strong position, Taiwan’s currency depreciated by less than 20 percent against the dollar during 1997; and, in June 1999, it still expected official GDP growth of 4.7 percent. Given that private credit comprised 166 percent of GDP and public credit took the total to 200 percent during 1998, it could not entirely be sheltered from the crisis and there were problems in the stock market. According to the Central Bank of Taiwan, the average non-performing loan ratio for domestic financial institutions was 5:1 for a volume of NTD637.4bn in May 1999 (Engbarth 1999: 4). The government imposed new controls on foreign exchange, cutting off speculators’ access to the local dollar by restricting trade in non-delivery forward contracts. In August 1998, the government approved an NTD193.7 bn economic stimulus package covering a range of infrastructure projects. Other crisis symptoms began to appear in the latter part of 1998. In the corporate sector, for example, there was financial trouble at the Central Bills Finance and Taichung Medium Business Bank, which were taken over temporarily by government-linked institutions in November 1998. Together with a series of defaults on stock payments and debts by medium-sized firms (for example, An Feng Steel, Kuoyang Construction Company), the stock index plunged by 40 percent between its August 1997 peak and January 1999.

Table 6.5 Asian foreign debt and reserves (USD bn) end 1997 estimates

<table>
<thead>
<tr>
<th></th>
<th>Total debt</th>
<th>Short-term debt</th>
<th>Reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A) ‘Stronger’ economic formations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>—</td>
<td>—</td>
<td>88</td>
</tr>
<tr>
<td>Taiwan</td>
<td>46</td>
<td>29</td>
<td>81</td>
</tr>
<tr>
<td>China</td>
<td>152</td>
<td>42</td>
<td>141</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>—</td>
<td>—</td>
<td>75</td>
</tr>
<tr>
<td>(B) ‘Weaker’ economic formations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>58</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>Malaysia</td>
<td>39</td>
<td>14</td>
<td>24</td>
</tr>
<tr>
<td>S. Korea</td>
<td>155</td>
<td>60</td>
<td>17</td>
</tr>
<tr>
<td>Thailand</td>
<td>102</td>
<td>32</td>
<td>20</td>
</tr>
<tr>
<td>Indonesia</td>
<td>131</td>
<td>27</td>
<td>28</td>
</tr>
</tbody>
</table>

Source: Adapted from J.P. Morgan, World Financial Markets (first quarter 1998).

With an eye on the forthcoming legislative elections on December 1998, the Kuomintang (KMT) government intervened to halt and, if possible reverse, the collapse of the stock bubble. Its measures included: (1) setting up a USD8 bn Stock Stabilization Fund to prop up share prices; (2) introducing a USD7bn scheme to bail out the real estate market; (3) offering NTD 150 bn for low interest loans to home buyers; and (4) allocating NTD 30 billion in postal savings for small businesses and production enterprises. Given the local political context (especially with the challenge of the
DPP, the Democratic Progressive Party), these KMT support packages involved a politics of distribution when the unemployment rate also rose to 3 percent.

China also escaped the direct impact of the contagion because of its own economic strengths. These included (1) trade surpluses and relatively large reserves; (2) a financial form that is shielded from financial liberalization because foreign banks can only trade in the Yuan (China’s foreign currency) in Pudong and Shenzhen; (3) a partial command economy with exchange and credit controls; (4) a non-convertible currency that is not a good target for speculators; and (5) a domestically oriented economy with export assistance. Despite these strengths, there was frequent talk that the Chinese Yuan would devalue, especially after the devaluation of the Brazilian real and the period when the Yen was weak against the dollar. But China refused to devalue because (1) the high import content of China’s trade would cancel out the possible benefits on exports after devaluation; (2) Yuan devaluation would mean greater debt servicing and this would affect the share price of Chinese quoted companies; (3) devaluation would reduce the value of China’s large foreign currency reserves insofar as they were in dollars or dollar-linked assets; (4) devaluation would reduce the inflow of FDI; (5) it would put severe pressure on Hong Kong’s currency board system; and (6) China was unwilling to devalue on the 50th anniversary of communist rule. Instead, the Chinese government has sought remedies by fiscal stimulus and monetary easing. For example, the Chinese government assembled a 200 billion renminbi (China’s domestic currency) fund aimed at financing increased public works projects. It has also raised tax rebates on exports of coal, cement, ships, textiles and steel by 2–8 percent.

In terms of China’s financial sector, the crisis spread through its international trust and investment corporations (ITICS) – one of China’s least regulated sectors at the time. At their peak in 1998, there were 242 ITICS in China. Their activities ranged from taking direct stakes in corporations and large investment in infrastructure to advancing loans and speculating in derivatives. The first ITIC to run into trouble was based in Guangdong (GITIC). As with most Asian debt positions, it had borrowed short-term at high rates to finance long-term projects. To repay loans and interest, GITIC had invested in speculative real estate, stocks and futures. When the Hong Kong stock and property market collapsed, GITIC was left to repay internal and external debts amounting to around USD4.3 bn. Its collapse highlighted the ITICS’ external debt problems, which totalled USD8.1 bn, prompting fears that the ITIC bubble would burst and produce a credit crunch. It also sparked off the local-central conflict between Guangdong and non-Guangdong party cadres. In early 1999, the central government decided not to bail out GITIC and embarked on policies aimed at reforming the Chinese financial system (for example, reducing the number of ITICS from 240 to 40).

In contrast to the relative ‘calm’ in Taiwan and China, the Hong Kong dollar faced speculative pressure on several occasions in July, August and October 1997. The Hong Kong government intervened in the market initially by pushing up interest rates in the inter-banking sector and later by imposing penalty interest on borrowing of the Hong Kong dollar. Hong Kong could maintain the pegged system because of (1) its high foreign reserves; (2) its long-established prudent fiscal policy, which meant there was no external debt; (3) the in-built mechanism for interest rate adjustment; (4) its tight supervision of financial institutions (for example, the use of a gross simultaneous account system among these institutions); and (5) its capacities derived from acting as an industrial, financial and commercial middleman between China and the rest of the world. Despite these strengths, the pegged exchange rate was maintained only by resorting to high interest rates. These pushed the local stock index from 16673 on August 1997 to 8775 on 23 October; residential property prices also halved between October 1997 and June 1998. Such asset depreciation, especially the property sector, cut at the heart of Hong Kong’s internal ‘growth’ dynamics as it had developed since the opening of China. For, while Hong Kong firms moved their manufacturing industries to the mainland during its phase two of exportism (Chapter 5), the service and property sectors had filled the gap created by this so-called ‘hollowing-out’ process. Thus the property sector became even more dominant. It comprised banks (in the form of credit), construction companies (in the form of property assets), the government (in the form of land and revenue) and the middle classes (in the form of wealth). The bursting of the ‘property bubble’ produced great fear among the property-related bloc about further asset depreciation.

In order to prevent the asset from depreciating further, the government stopped land sales and refunded rates to local residents. The Hong Kong dollar came under further attack in August 1998, when the yen depreciated against the dollar; with hedge funds selling the Hong Kong stock market short in the expectation that the index would fall as interest rates rose. Speculative attacks propelled significant amounts of capital outflow as some people believed that this might also force a Yuan devaluation. This time the government reacted by (1) drawing on its reserves to buy USD15 bn worth of selected Hong Kong shares (60 percent of these were property-related – higher than the weight of this sector in the stock market); and (2) introducing a package of technical measures to strengthen the transparency and operation of the linked exchange rate system (for example, a rediscount facility to reduce interest rate volatility). The pegged system was once
again maintained but at the expense of high interest rates, weak domestic demand and rising unemployment. Hong Kong’s GDP fell 5 percent and the unemployment rate had reached 6 percent at the beginning of 1999. However, wages and rents are still high. At the beginning of 1999, the government announced that it would resume land sales in April. This continual support of the property sector was further reinforced in subsequent budgets, providing three ‘kisses for life’. These were the building of a ‘cyberport’, a Disneyland theme park and a ‘Cultural Hub’ in West Kowloon; all are overwhelmingly traditional property-related projects legitimated under discourses linked to the ‘new economy’. In much the same situation as Taiwan, the Hong Kong government’s support packages for the property sector involved a politics of redistribution that has been challenged by the Democratic Party as the unemployment rate rose to 5.8 percent in the same period.

Thus the Hong Kong and Chinese governments both refused to devalue and co-ordinated their actions to maintain Hong Kong’s pegged system and insulate the ‘Greater China’ (sub)region from currency decline. China participated by providing foreign exchange market expertise and stand-by funds to defend the Hong Kong dollar. This is because a devaluation of the Hong Kong dollar would affect the value of HKD-denominated investment and prices of Chinese H-share and Red-Chip corporations. It would also increase their debt burden in the Hong Kong currency and, perhaps, lead to higher interest charges and the possibility of non-performing loans. Conversely, a Yuan devaluation might not benefit China and could trigger a devaluation of the Hong Kong dollar. Through the non-devaluation of the two currencies, the Hong Kong dollar and the Chinese Yuan were seen by the US and IMF as crucial (sub)regional nodes in maintaining the stability of the later Bretton Woods system. Despite disputes with the US over trade and human rights issues, Beijing was being constructed as US’s possible ‘number-one ally’ in the region. As for Hong Kong, its ‘currency board system’ pegged to the US dollar was hailed by the IMF as a possible ‘cure’ for monetary problems (Enoch and Gulde 1999: 40). As an unintended development, the Chinese Yuan and the Hong Kong dollar came to assume ‘first line of defence’ of the US-dominated international currency order. With the George W. Bush policy of benign neglect of the USD from 2004 onwards and America’s huge and growing trade deficit with China, however, it is the Yuan that is now under pressure.

TOWARDS MORE COHERENT STRUCTURES?

The disarticulation of the production and financial orders opens up the global–regional–national political economy and prompts actors at different levels to look for ways to rebuild ‘structured coherence’. Regarding the production order, the overproduction tendencies in the Japan-led regional regime, which was financed by FDI and cheap credits under the ‘yen-appreciating bubble’, could no longer prevail after the Asian crisis. Given Japan’s continued stagnation and the slow recovery from depression, the centre of regional gravity was shifting to China. ‘Greater China’ production networks for electronics and informational products are emerging with complex linkages to the US and Europe. For example, cities and regions in the ‘Greater China’ region are developing new spatiotemporal linkages by profiling themselves as the ‘next Silicon Valley’ that networks into the original version in California (Chapter 5). Singapore, Taiwan, Hong Kong and parts of coastal China all see this ‘Siliconization’ strategy (Sum 2001, 2003) as a key part of their route to becoming competitive knowledge-based economies (see also Sum and Jessop forthcoming). For example, Singapore has established linkages with Silicon Valley, Bangalore in India and CyberCity in Shenzhen. Likewise, Hong Kong established the Hong Kong–Silicon Valley Association in 1999 to enhance the interflows of knowledge, expertise and manpower between the two sites. In the case of Taiwan and its Hsinchu Science-Based Industrial Park, its linkage to California’s Silicon Valley was already developing as early as the 1980s (Saxenian 2001) and in the 1990s it was extending this network into southern and northern China, with Taiwan as a process innovation centre for high-tech and biotechnology.

Concurrent with the remaking of this production form, key regional players are also searching for a new credit-financial form that may or may not cohere with the production form. Given Japan’s industrial and financial involvement in the region, its firms and banks were the most exposed to economic turmoil, and its Ministry of Finance was eager to bail out their overexposed banks. At the same time the Ministry of Foreign Affairs wanted to assert a greater degree of regional leadership in face of increasing Chinese influence. Thus Japan unveiled a new object of financial regulation – Asian Monetary Fund (AMF) – at the IMF–World Bank annual meeting in Hong Kong in September 1997. With a possible capitalization of USD100 bn, the AMF could become a new regional source of finance and could provide quick and flexible disbursements to alleviate regional currencies in crisis, as well as to provide emergency balance of payments support to crisis-hit economies. In other words, the AMF idea proposes a new regional imaginary that, if realized, could by-pass the IMF. This idea attracted considerable interest from Malaysia, Taiwan, Thailand and South Korea. China expressed some concern over the possible domination of Japan under the AMF but was still interested in the proposal.

Unsurprisingly, the US Treasury and IMF opposed the AMF. By constructing a new scale/arena of lending activity, it was seen as countering
American national security and economic interests (LaFalce 1998: 1) and the US/IMF’s hegemony. This can be understood within the context of American national politics. Since the White House was increasingly constrained by the Congress in committing financial resources abroad, Washington was forced to use the IMF as a primary mechanism for exercising US influence on world monetary affairs (Altbach 1997: 9). Hence any challenge to the IMF would be seen as countering US interests. The creation of the AMF would also marginalize the IMF’s debt conditionalities and its neo-liberal understanding of the world. Partly to regain the centre stage, the IMF extended its neo-liberal regime, especially its ‘conditionality’ (for example, cutting the budget deficit, restricting central bank credit) to Thailand, South Korea and Indonesia. These were criticized by prominent economists (for example, Sachs 1997; Bhagwati 1998) in the US. In the midst of this ‘elite dissent’, the IMF proposed a new international financial architecture (Soederberg 2001) that leaves issues such as the yen–dollar rates and the soft dollar bloc unaddressed. In addition, given the IMF’s rejection of the idea of the AMF, other bilateral schemes such as the Chiang Mai Initiative roll forward as new regional schemes (cf. Boyer 2003b; Jayasuriya 2004). These various scales of activities obviously involve discursive and material struggles among global, regional and national actors in building production and financial orders that may or may not cohere as new economic architectures in Asia (cf. Calvet 1998). Given that Asian exportist economies are caught in a vicious cycle of overproduction, falling profits, overborrowing, exchange rate vulnerability and unemployment, escape therefrom is the main objective as national and regional leaders seek to develop new initiatives and guide their development. As this process is unresolved (for an interim report, see Sum 2002), this chapter will end here with two main conclusions.

CONCLUDING REMARKS

We have tried to move beyond state failure v. market failure views of the Asian crisis by developing a more complex explanation inspired by the RA. We examined the production and financial orders both individually and in their (dis-)articulation. Our integral approach to the crisis raises two issues. First, it goes beyond the search for ‘quick fix’ solutions in which national leaders and scholars reassert their preferred models of analysis (for example, neo-liberals recommend the fight against ‘crony capitalism’ and statists advocate capital controls and neo-Keynesianism). These proposals tend to be unis scalar, the former focusing on ‘cronyist’ features of national states, the latter on the volatility of the international financial system. Our approach highlights the structural disarticulation between the regional–national production and global–regional financial orders in the post-Plaza period. This disarticulation requires a complex, multiscalar and multi-phased restructuring of production and finance. A resort to a state-sponsored national fix will miss the complexity of the crisis; so will a purely international, financially-mediated ‘quick fix’. In this regard, the RA moves our focus from a ‘quick fix’ on one scale and/or in one circuit (for example, production or finance) to the problem of securing a ‘coherent fit’ between finance and production across global, regional and national scales. Boyer reaches similar conclusions in a recent analysis: he suggests that, given the current instability of global finance, promoting regional monetary stability and managing short-term capital flows should be the starting point for current integration processes (2003c).

Second, there is a need to shift from analyses of the forms, causes, and symptoms of crisis to focus on the restructuring of the global, regional, national and local political economy. This requires a post-disciplinary approach that draws on other disciplines such as politics, international political economy, linguistics and economic geography (Jessop and Sum 2001). This involves posing such strategic–relational questions as (1) how are the production, financial and trade circuits being re-articulated; (2) what are the new scales of activities and how do they interact with other scales in the current stage of restructuring; (3) what do such changes imply for regimes of accumulation, modes of regulation and modes of societalization; (4) what emerging discourses, identities and material practices are associated with these changes; (5) what institutional forms, social forces and discourses are being selected and consolidated through these changes and what does this imply for changing power relations; and (6) which social forces are active in this period of transition and what identities, interests and forms of struggle are mobilized? In this regard, the issue of whether production and financial orders will cohere depends partly on the struggles for control over political, economic scalar spaces and partly on the co-evolution of these orders over time. These are issues especially well-suited to the cultural political economy approach, which is our preferred alternative to second- and third-generation regulation approaches (see Sum and Jessop forthcoming).

NOTES

1. ‘Greater China’ is convenient shorthand to indicate a general geographical space that includes Taiwan, Hong Kong and China. Because it is a controversial term, especially in Taiwan, we have used ‘scare’ quotes.

2. In the 1999 Budget speech, the Financial Secretary proposed to develop a HKD13 bn ‘Cyberport’ to provide essential infrastructure to develop Hong Kong into an e-commerce hub of the region. It was expected to provide 12 000 jobs after completion in 2007.

3. In this regard, the Hong Kong dollar and Chinese Yuan can be compared with the pound sterling as a first line of defence for the US dollar from the 1950s to 1970s.
7. Regenerating the regulation approach

The RA has developed a distinctive approach to accumulation, its conditions of existence, its crisis tendencies and its impact on wider social relations. Its extensive application to issues of ‘Fordism’ and ‘post-Fordism’ contributed much to its initial popularity. But even early regulationist studies explored other topics and later work has deepened and widened RA work far beyond the issue of Fordism and its possible successor(s). It is these trends that concern us here. We explore the RA’s successive generations and developmental paths, with examples from the Parisian ‘state of the art’ and other schools. We then consider Parisian responses to the failure of the initial alternative economic strategy with which it was associated (due to its non-adoption rather than implementation failure) and to its relative isolation from mainstream economics. We also examine how regulationism has been received and understood outside the field of economics. We end by asking if these years of research, scholarship and exposition have been worthwhile and suggest that the RA has, indeed, initiated ‘an endogenous process of cumulative research’ (Vidal 2001: 45; cf. Boyer and Saillard 2002c: 45).

GENESIS AND AGENDA OF THE REGULATION APPROACH

The RA is often mistakenly identified with the highly influential Parisian école de la régulation of economists such as Aglietta, Boyer and Lipietz. The other schools identified in Chapter 1 have had far less impact overall. Thus, at the risk of perpetuating the conflation of regulationism and the Parisian school, we will often use this school to illustrate broader trends.

The Parisian school initially comprised a group of ‘polytechnicians’ who were linked to the state planning apparatus more than to universities. As professional economists, its members were theoretically inspired by radical economics (notably Marx, Keynes, Kalecki); as ‘soixante-huitards’, that is, intellectuals shaped by May 1968, they tended to be ideologically sympathetic to organized labour and the radical politics of communist, Maoist or extreme left currents; and, as technocratic policy advisers to the state, their avowed preference was for an economic and social modernization based on socialist planning, democratic participation and progressive class compromise. The starting point for the regulationist agenda was a critique of neo-classical economics and structural Marxism in the light of the emerging economic crisis of the mid-1970s and failures of state action to resolve it. They aimed to prepare the ground for an alternative account of Atlantic Fordism, its economic crisis and the resulting impasse of state planning and Keynesian welfarism. This theoretical agenda found its political expression in an alternative economic strategy for France that would be pursued by a relatively autonomous state to promote new structural forms and norms of production and consumption appropriate to the new economic circumstances and that would also consolidate a new class compromise favourable to wage-earners rather than capital (Dosse 1992a: 201–2; 1992b: 334–48; Aglietta 1994; Coriat 1994; Lipietz 1993a, 1994b; Vercellone 1994; Boyer 1997a; Boyer 1997b). Given its importance for assessing the achievements of the original regulationist project, we now present this two-pronged economic and political critique.

On the first front, as a heterodox minority, Parisian regulationists hoped to persuade the majority of their fellow economists in France (and elsewhere) that orthodox economics did not understand how real economies operated. They criticized it on three main grounds. They rejected its key assumption that there is a clearly delimited, socially disembedded sphere of economic relations with a tendency toward general equilibrium. They denied that this sphere’s rationality and dynamic could be adequately analysed in the first instance (let alone entirely) in terms of pure exchange relations in perfect markets. And they disputed that exchange relations are fully driven by the optimizing, economizing actions of pre-constituted rational individuals with pre-given preference functions who then orient their actions exclusively to the price mechanism.

Regulationists argued that economic relations are always historically specific and socially embedded. This does not exclude analyses of economic forms, such as the wage-relation or price mechanism; but these forms should be located in a definite historical and social context. Thus Aglietta proposed ‘a theory of social regulation [as] a complete alternative to the theory of general equilibrium’ (1979: 13). He studied regulation in terms of ‘the transformation of social relations as it creates new forms that are both economic and non-economic, which are organized in structures and themselves reproduce a determinant structure, [namely] the mode of production’ (ibid.: 16). Parisians also rejected the neo-classical view that time could be safely discounted or ignored, and that temporal developments are essentially reversible. For economic development is largely path-dependent and long-term decisions affecting the real economy are typically irreversible.
They also added, against the orthodoxy, that economic, political and social institutions matter. Indeed, they should be treated as endogenous economic factors, for they shape economic subjects, differentiate modes of production and modify capitalism’s dynamic, crisis tendencies and temporalities (cf. Boyer 2002f, 2004b). They should certainly not be seen as wholly exogenous sources of rigidity, friction, or disturbance for a market economy that would otherwise function perfectly – which, if true, would justify neo-liberal calls for pure laissez-faire. And, third, in place of an atomistic, trans-historical homo economicus, they focused on shared and changing norms of production and consumption, changing modes of economic calculation and shifts in conventions and routines.

On the second front, the early Parisian regulationists criticized ‘structural Marxism’ for its wholly inadequate account of capitalism. Retaining the key Althusserian ideas that the capitalist mode of production (or CMP) had relatively autonomous economic, political and ideological regions and that accumulation was ‘overdetermined’ by the interrelation of these regions, they nonetheless offered three main criticisms. First, they rejected the structuralist claim that the CMP reproduces itself quasi-automatically because of the determining role of the economic ‘in the last instance’ (Althusser and Balibar 1977). They charged that this largely philosophical argument, without firm foundations in Marx’s own work, implied that capitalist relations of production were reproduced ‘behind the backs of the producers’ regardless of economic agents’ intentions or actions. Opposing this mechanistic account, regulationists stressed the improbability of capitalist reproduction and examined the changing conditions that allowed production and consumption in different stages of capitalism to be combined, always temporarily, into a virtuous circle of accumulation. Moreover, because economic agents are not merely passive ‘supports’ (Träger) of social relations of production, subjects must be brought back into the picture. Thus one should examine the social processes and struggles that define and stabilize modes of economic calculation and norms of economic conduct. Indeed, without including the subjects who acted as bearers of structures, one cannot explain how contradictions could ever be even temporarily stabilized (Lipietz 1973). At the same time conflicts, strategic behaviour and political intervention had a key role in explaining transitions (Boyer 2002f: 322).

Second, they argued that institutions matter and change over time. Whereas structural Marxism tended to see capitalism as eternal and unchanging, regulationists saw it as crisis-prone and discontinuous. It develops in stages, each with its own distinctive institutional matrix and crisis tendencies; and, far from being guaranteed, transitions between stages depend on chance discoveries and are always mediated by open-ended class struggles. This is why institutions matter and institutional transitions are so difficult (Boyer and Orléan 1991b). And, third, they distinguished between (1) the overall logic of the capital relation and its supporting structural forms and (2) the strategies deployed by particular social forces (cf. Boyer 1990a: 32; Dosse 1992b: 340–41). This is especially clear in their emphasis on the wage relation understood in broad terms (rapport salarial) and, in this context, regulationists stressed the changing forms and modalities of economic class struggle.

These battles involve an attack on two wings of the same theoretical enemy. For, despite marked differences between orthodox economics and structural Marxism, both paradigms offer a basically static and essentialist account of the (capitalist) economy and its inertia. In contrast, regulationists highlighted the antagonisms, contradictions and crises generated by capitalism and its inevitably discontinuous development driven in and through class struggle. Thus, to the mechanistic notion of reproduction in neo-classical economics and structural Marxism, Aglietta and his colleagues counterposed the dynamic concept of régulation. This stresses the historically contingent economic and extra-economic mechanisms that lead economic agents to act in specific circumstances in line with the unevenly changing, objective requirements of capitalist reproduction.

The RA distinguishes the roles of market and non-market forces in regulation. It goes well beyond the narrow concerns of orthodox economics with production functions, economizing behaviour and pure market forces and it considers a wide range of institutional factors and social forces directly and indirectly involved in accumulation. For example, while far from forgetful about the essentially anarchic role of exchange relations (market forces) in mediating capitalist reproduction, the RA stresses the complementary functions of a wide variety of other mechanisms in structuring, facilitating and guiding (in short, ‘regulating’, regularizing or normalizing) accumulation. Conversely, in contrast to structural Marxism, which, for all its rhetorical insistence on ‘economic determination in the last instance’, showed little real interest in the specific mechanisms that ‘guarantee’ this ultimately determining role, early regulationists took economic forms and institutions very seriously. This was notable in their work on the wage relation and money, with interest subsequently expanding to include other structural forms and, in the latest work, to their embedding in a broader hierarchy of a constitutional order, institutions, organizations, conventions and habits (Boyer 2001a: 85–9; 2002c, 2002f, 2004b). Thus, in waging this two-fronted virtual battle, the Parisians began to integrate radical political economy with analyses of the state and civil society to show how economic and extra-economic factors interact to stabilize the capital relation. In short, they were equally
Concerned with what one might term the economic (market-mediated) mode of economic regulation and ‘the social (or extra-economic) modes of economic regulation’.

**Regenerating the Regulation Approach**

The RA has since diffused widely and seen real theoretical development. This can be analysed in terms of successive generations, phases or epochs. Boyer mooted this possibility when he called for a ‘second generation’ of studies (1990a, 1990b); and his latest foundational text promises to make a third step in its development. Vidal, another early regulationist, distinguished three overlapping phases within what Boyer would consider the first generation: pre-regulation and the crisis of macroeconomics (1971–6); a historical and dialectical materialism phase concerned with the crisis of Fordism (1975–83); and a period of normalization through a turn to historical and institutional macroeconomics (1977–86) (2001: 15–43). A second-generation theorist, London, refers to three epochs, which include second-generation as well as first-generation work. These epochs are concerned with the crisis of Fordism; the likely features of a viable post-Fordism, especially given increased competitiveness; and the evident difficulties in moving from Fordism to post-Fordism and work on the social engineering that would enable a transition to a new mode of regulation (1997b: 337).

In none of these cases does the periodization refer to successive intellectual cohorts with distinct memberships, as with the first, second and third generations of the Frankfurt school of ‘Critical Theory’. Instead they refer to partially overlapping steps in a developing research programme taken by a growing and changing band of regulationists. Some ‘first-generation’ Parisian analysts have advanced second- and third-generation research; others have departed from the RA problematic in part or whole. Conversely, whilst some more recent recruits have helped widen and deepen the RA agenda, others are still working happily with first-generation notions. This complicates simple chronological attempts to distinguish generations. It does not exclude more complex analyses of the uneven development of the RA, its cross-fertilization with other disciplines and the role of changing economic and/or political circumstances as these have shaped its theoretical, empirical, political and policy agendas. We present a brief synopsis of different generations of work in Table 7.1, but would also note that this does not do justice to the complexities of these generations or the different types of shift that can occur within and across generations.

<table>
<thead>
<tr>
<th>First Generation</th>
<th>Second Generation</th>
<th>Third Generation</th>
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<tbody>
<tr>
<td><strong>Accumulation regimes</strong></td>
<td><strong>Accumulation regimes</strong></td>
<td><strong>Accumulation regimes</strong></td>
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<tr>
<td>History of accumulation regimes in France</td>
<td>Macro and sectoral econometric models</td>
<td>Alternative post-Fordist scenarios</td>
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<tr>
<td>The novelty of intensive accumulation</td>
<td>Varieties of Fordism and crisis tendencies</td>
<td>Towards a finance-led accumulation regime?</td>
</tr>
<tr>
<td>Fordism in the USA and France</td>
<td>Alternatives to classic Fordism (small open economies, Japan, state socialism, Latin America, East Asia)</td>
<td>Why are transitions so difficult?</td>
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<tr>
<td>Stylized facts about Fordism and its crisis</td>
<td>Challenges to Fordist growth dynamics</td>
<td>Critique of a possibly resurgent US model</td>
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<tr>
<td>Fordist reproduction schemas</td>
<td>The wage relation</td>
<td>Globalization and the rescaling of regimes (especially in EU)</td>
</tr>
<tr>
<td>Labour power is a fictitious commodity</td>
<td>Varieties of capitalism</td>
<td>Post-Fordist scenarios</td>
</tr>
<tr>
<td>Liberal competitive v. Fordist wage relation</td>
<td>Crisis of Fordism and defensive versus offensive flexibility</td>
<td>International competition and wage relation</td>
</tr>
<tr>
<td>Role of institutionalized compromise</td>
<td>Welfare states and social security systems</td>
<td>Training systems and education</td>
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<td><strong>Money</strong></td>
<td><strong>Money</strong></td>
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<tr>
<td>Money is a fictitious commodity</td>
<td>Forms of money</td>
<td>Financialization and primacy of hypermobile finance capital</td>
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<tr>
<td>The esoteric dynamic of capitalism rooted in value relations</td>
<td>Crises in monetary regimes</td>
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<tr>
<td>Role of credit money in Fordist accumulation</td>
<td>Monetary policy as an expression of creditor–debtor relations</td>
<td>Neo-liberal austerity and re-assertion of monetary constraint</td>
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<tr>
<td>Stagflation and crisis of Fordism regime</td>
<td>Shifts in monetary regime and transition in accumulation regimes</td>
<td>Link between monetary regime and types of wage relation</td>
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<tr>
<td><strong>Enterprise form and competition</strong></td>
<td><strong>Enterprise form and competition</strong></td>
<td><strong>Enterprise form and competition</strong></td>
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<tr>
<td>Liberal competition v. monopoly competition</td>
<td>Types of competition in sectoral and national regimes (esp. Japan)</td>
<td>Internationalization and product differentiation</td>
</tr>
<tr>
<td>Liberal market prices v. administered (cost-plus) prices</td>
<td>Productive systems and their preconditions</td>
<td>Inter-company and local relations in innovation</td>
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<td>National frameworks of enterprise forms and competition</td>
<td>Social systems of innovation</td>
<td>Accumulation regimes</td>
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<td></td>
<td>Complexities of the market and hybrid forms of governance</td>
<td>not governed by competitiveness</td>
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<td>Corporate governance</td>
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Regenerating the regulation approach

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<tr>
<th>First Generation</th>
<th>Second Generation</th>
<th>Third Generation</th>
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<tbody>
<tr>
<td>International regimes as expression of the interests of hegemonic power</td>
<td>Crisis of international postwar settlement and erosion of American hegemony</td>
<td>Scope for effective global governance without a hegemon</td>
</tr>
<tr>
<td>Diffusion of Atlantic Fordism from USA</td>
<td>Diffusion of Atlantic Fordism from USA</td>
<td>Globalization and the destabilization of national regimes</td>
</tr>
<tr>
<td>Refusal to treat ‘Third World’ as the periphery of advanced capitalism</td>
<td>Uneven development as motor of growth</td>
<td>Regional integration and regional blocs</td>
</tr>
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<td></td>
<td>New international division of labour</td>
<td>New sources of disequilibrium (for example, ecology, N–S divide)</td>
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State

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<tr>
<th>Public spending and institutionalized compromise</th>
<th>Types of institutionalized compromise and national models</th>
<th>Towards a regulationist theory: the coupling of economic and political logics</th>
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<tbody>
<tr>
<td>Limited state v. embedded state</td>
<td>Relative autonomy of the political and limits of state intervention</td>
<td>Taxonomy of state–economy relations and types of welfare state</td>
</tr>
<tr>
<td>State as guarantor of wage–labour nexus</td>
<td>The economic order of political regimes</td>
<td>Fisco-financial regimes</td>
</tr>
<tr>
<td>Accumulation regimes</td>
<td>National styles of economic policy</td>
<td>Path-dependency and diversity of economic policy regimes</td>
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<td>shape nature and limits of economic policy</td>
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Source: Simplified and extended version of tables in Boyer and Saillard (2002c).

A more sophisticated analysis would distinguish three kinds of theoretical shift.

- **Simple, incremental empirical extensions** to new research areas – notably to national economies other than the USA and France, to a wider range of historical experiences, to micro- and meso-level analyses of sectors and branches in addition to the macro level, to various spatial scales below or above the national, and to the interscalar articulation of different accumulation regimes.

- **A more complex, progressive conceptual deepening** of the RA's account of already established regulationist topics through more detailed concern with their concrete and complex mediation, overdetermination and instantiation, paying particular attention to path-dependency as well as the opportunities for path-shaping around alternative scenarios.

- **Ruptural theoretical redefinitions** of older themes that break with earlier regulationist work by undermining (or radically transforming) previously unquestioned assumptions, concepts and arguments.

Stepwise expansion and deepening is closely linked to the later work of the first generation, as seen in studies by Aglietta, Billaudot, Boyer, Coriat, Delorme, Lipietz and Mistral, and to the work of subsequent cohorts and other heterodox French economists and philosophers (for example, convention theorists). Discontinuous redefinition more often marks the input of new waves of theorists from outside economics (for example, geographers, state theorists, discourse analysts, feminists) as they link – and rethink – regulationist ideas, concepts and arguments with their own prior and emerging concerns. The second and third types of shift are also related to the rise of an international scientific community with an interdisciplinary or multidisciplinary vocation with which regulationists interact extensively (Boyer 2002c: 19). This has created a new space, beyond economics narrowly understood, in which the regulationist paradigm can develop, 'for example in borrowing and transforming concepts, importing hypotheses and the exploration of similar or related questions' (ibid.).

These patterns are combined in different ways. In state theory, for example, most first-generation Parisian studies neglected the state; second-generation work introduced extant state concepts into the RA without considering their complementarity with basic regulationist arguments; and a third generation has begun to develop a coherent and explicitly regulationist view of the state and integrate it into the RA (Chapter 3). A different pattern is found for space and locality, for, whereas some first-generation scholars took these issues seriously (notably Aglietta and Lipietz), second-generation work tended to treat the national economy and national state as the principal (and taken-for-granted) space of regulation. This lapse could be due to the actual primacy of national economies and states under Atlantic Fordism, on which so much regulationist analysis focuses (Boyer 2002b: 7). Only recently has third-generation work rediscovered spatial variation, attempted to explore micro–macro problems and asked how ‘space’ and ‘scale’ come to be produced and reproduced in and through regulation and governance. A third pattern appears in attempts by discourse theorists to deconstruct basic RA concepts in order to rescue the overall approach from economism and, rightly or wrongly perceived, essentialism and connect it to studies of economic hegemony and domination.

The most significant and breathtakingly wide-ranging examples of incremental extension come from Boyer, the leading figure in the Parisian...
school. While remaining committed to many initial core concepts and assumptions (at least as he interpreted them during its first generation from a position that was the least influenced by Marxism among all its pioneers), Boyer has been its most prolific developer. His theoretical and empirical research concerns many substantive issues, ranging across different levels of analysis from micro to macro, covering different spatial scales, dealing with historical and prospective as well as current issues, adopting methods ranging from econometrics through game theory and institutionalism to scenario analysis, and studying not only most advanced capitalist economies but also various state socialist and post-socialist economies. In pursuing such a wide-ranging intellectual project, Boyer has extended the RA in many ways. He thereby shows how it can be used to analyse specific sectors, the specificities of Japanese capitalism, the origins of the grand crisis in the Soviet bloc and its subsequent ‘great transformation’, developments in the Fordist wage relation, the necessarily hybrid results of attempts to transplant productive models (for example, in the automobile industry), the effects of technological change, comparative analyses of innovation systems, problems of economic governance, alternative post-Fordist scenarios, the emergence of economic conventions, the impact of globalization, the limitations of financialization, the new economy and much else besides.

At the same time, and not by accident, Boyer has drawn on assumptions, concepts and hypotheses from other approaches. These include the ‘new French social sciences’ (Wagner 1994, Heilbron 2001), Bourdieu’s field theory, rational choice and transaction cost analyses, governance, institutionalism, comparative political economy and varieties of capitalism. For Boyer is a very open scholar who takes real delight in ‘playing’ with other theories to assess their relevance and potential contributions to the further development of the RA research programme. This has resulted in a zigzag pattern of theoretical development as he engages with other approaches to try out their relevance to the regulationist project. However, while many approaches have been tried out, fewer have survived the test of time. In skillfully articulating these with the RA, he has contributed to its progressive deepening as a significant current in evolutionary and institutional economics. This is reflected in his most recent foundational book, which combines essays on institutionalism, the varieties of capitalism approach and the sociological oeuvre of Pierre Bourdieu with the aim of consolidating a ‘third step’ in the RA. This is concerned with explaining not only the periodization of capitalism but also its lack of convergence across economic and political spaces in any period (2004b; see below).

Alongside this partial appropriation by Parisian regulationists of other approaches, scholars outside economics have advanced the RA’s progressive deepening through its appropriation and transformation, whether heterodox or mainstream. Taking seriously its potential to shed new light on their own disciplinary concerns, these non-economists have articulated the RA with their own conceptual frameworks and expertise. They have explored the concrete and complex mediation of structural forms and modes of economic regulation; studied how they come to be overdetermined by, and structurally coupled to, other institutional orders and/or the wider ‘lifeworld’; and examined how MoRs are instantiated in specific contexts. This has been particularly important, as indicated above, in promoting the RA outside economics. For, even with its much-expanded definition of the economy (to include accumulation regimes and their social and economic modes of regulation) and its commitment to institutional and evolutionary analysis, the Parisian school remains firmly rooted in the discipline of economics. Its ‘totalizing’ perspective is capital accumulation understood in broad terms. It therefore lacks many central concepts (or at least a sufficiently rich set thereof) for dealing with other institutional orders (such as the state, law, science, technology, education, the military and the mass media) and the social dynamics of civil society, the public sphere, the politics of identities and social movements, the lifeworld and the struggles of everyday life. This deficit has opened the space for non-economists to study how regulation is overdetermined by extra-economic factors and how capitalist regulation reacts on other parts of a social formation. And it has recently prompted Boyer, at least, to look to Bourdieu for a set of concepts to deal with some of these institutional orders and for some initial ideas about how to deal with issues of semiosis and symbolic representations (2003a; 2004b: 121–68).

Finally, if incremental extension and progressive deepening occur mainly by linking RA concepts to commensurable and/or complementary concepts drawn from other disciplines, ruptural redefinition occurs when other approaches are used to deconstruct its core concepts in order to enhance its overall analytical and explanatory potential. This third mode of theoretical development is clearest in the discourse analytic critique of basic concepts, such as accumulation regime (Scherrer 1995; Torfing 1997), economic agency (Jenson 1990a, 1995) and the articulation of the regulation approach with political ecology and/or the regulation of nature and natural resources (Brand and Görg 2003; Görg 2003). And, in admittedly more limited ways, the same trend has occurred in the RA itself as some Parisians have sought to develop more solid microfoundations in response to the counterattack from mainstream economics, rational choice theories and work on economic conventions (on convention theory, see Dupuy et al., 1989; Favereau 2002). In doing so, however, they appear to abandon, at least for some purposes, the original regulationist concern with the antagonistic nature of the capital–labour relation and the inevitability of class struggle (cf. Coriat 1994; Lipietz 1993a, 1994b, 1995b; Combemale 1994a, 1994b).
ANOTHER WAY OF CLASSIFYING GENERATIONS

An alternative generational account can be based on the impact of the changing economic and political conjuncture on Parisian work. Responding to the emerging crisis of Fordism, some first-generation scholars proposed an alternative economic strategy based on a pro-worker, solidaristic but competitive neo-Fordism based on the potential of new technologies and oriented to increased collective consumption (Aglietta 1979; Lorenzi et al., 1980; Aglietta and Boyer 1982). Similar ideas informed later proposals for a ‘New Deal for post-Fordism’. The left’s victory in the 1981 French elections prompted Jacques Attali (a special adviser to President Mitterrand) to invite some regulationists (notably Aglietta, Boyer, Coriat, Lipietz and Mistral) to advise the Socialist government. They hoped that this victory signified a shift in the balance of forces within the state and civil society and that the French state would promote and institutionalize a new social compromise around a strategy of an ‘offensive flexibility’ for labour rather than capital (cf. Husson 1994). But their advice was rejected, as were their warnings about the problems of pursuing Keynesian policies in an increasingly open national economy (Boyer and Mistral 1983a, 1983b; Boyer 1987; cf. Lebaron 2000). This rejection is confirmed by Boyer. For, in a spirited rebuttal of criticisms by PCF economists and ‘self-styled Trotskyites’ that the Parisians were behind Mitterrand’s policies, Boyer claims that ‘their ideas have had little impact – rarely regarding analysis, almost never in the formulation of policy proposals’ (1990a: 92). In fact, the Socialist regime pursued ‘Keynesianism in one country’ (a return to an already exhausted mode of regulation) together with a productivist restructuring programme to make French industry more competitive, based on technological modernization. When the Keynesian approach failed and when technological modernization without an active labour market policy led to increased unemployment (as the Parisians had predicted), the government adopted a neo-liberal programme of competitive disinflation based on austerity, wage reductions and a regressive ‘defensive flexibility’ (cf. Lordon 1997a). The regulationists criticized this approach too, as an inappropriate and ineffective return to the economic policies that produced the depression of the 1930s. In addition to the government’s rejection of its alternative economic strategy, organized business also rebuffed the school and only some sections of a divided labour movement took up some of its policies.

The failure of the Mitterrand project did, however, prompt the incremental extension and progressive deepening of Parisian work. Vercellone (1994) sees the shift to neo-liberalism as a decisive turning point for the school. He claims that it marked the exhaustion of its initial political project and precipitated the erosion of its political cohesion as members adopted different political strategies. Interestingly the last major collective project of first-generation theorists was on the crisis and appeared in 1987 (Boyer et al., 1987; cf. Husson 1994). Vercellone also notes a growing theoretical division between RA scholars who continued to explore the role of institutionalized class compromises in regulation (including those hoping to find a new compromise as the basis for a progressive post-Fordism) and those who sought alternative microfoundations for the regulation approach (and so began to move away from a concern with issues of class struggle) (1994: 6, 24–8). Several members of the Parisian school confirm these claims (for example, Aglietta 1994; Coriat 1994, Lipietz 1976, 1984b, 1994b; Vidal 2001), but one should not exaggerate the resulting cleavages or their permanence. For leading Parisian scholars (most notably Boyer) straddle these divides; even those who opt for one side or the other still identify with the school as a whole (for example, Lipietz and Orléan), and the reaction against neo-liberalism has created the basis for increasing involvement in a policy advisory role (see above).

With the Parti Socialiste’s modest left-turn under Jospin’s premiership, however, new opportunities for policy influence emerged. Boyer, Aglietta and Lipietz were included in the first set of recruits (1997–2003) to the Conseil d’analyse économique auprès du premier ministre (or CAE) and Lipietz became a leading member of the French Green Party, a Member of the European Parliament, and an advocate of reduced working time (Lebaron 2000: 149). But the CAE is drawn from a wide spectrum of economists and its work is organized to ensure that the government receives a range of policy options, which can then be chosen on political and ideological as well as economic grounds (Lipietz 2003: 3). In addition, Boyer has joined the advisory board of the Fondation Saint-Gobin, financed by a French multinational (Saint-Gobin), chaired by a Nobel laureate economist (Robert Solow) and tasked with providing theoretically-informed heterodox economic analyses and medium-to-long-term policy recommendations. He has also advised the Portuguese government. However, while the regulationists remain close to power, they still do not wield it.

We can illustrate these different trajectories from the work of two leading first-generation theorists. Aglietta extended and deepened his early interest in the international constraints on national modes of regulation, became more and more interested in problems of the money form, both as national money and as international currency, and advocated development of a European economic space as the basis of reregulation (Aglietta 1995, 2002). Conversely, while Lipietz’s initial response was more nationalist and anti-European, he later turned towards the Green movement and political ecology, and now favours a Europe-wide solution to the continuing crisis (Lipietz 1995a, 1996a, 1996b. 2002). Such differences also reflect the
changing international context in which the RA agenda was being developed both theoretically and politically. For, as Coriat (1994: 131–3) notes, the 1980s saw the emerging hegemony of Anglo-American neo-liberalism, a reshaping of the international economic hierarchy (especially with the rise of Japan with its own distinctive accumulation regime and mode of regulation) and new economic phenomena associated with the neo-liberal strategy of defensive flexibility (for a major Franco-Japanese comparative study of Japan, see Boyer and Yamada 2000). RA work on the third world, post-socialism and the newly industrializing economies of East Asia also reflects this broader shift (see also Lipietz 1987a; Chapter 5).

THE STATE OF THE ART IN THE RA

Having identified three ways in which its research programme may change, we now review the regulationist ‘state of the art’. To simplify this gargantuan task, we first summarize some emergent themes in the standard reference work edited by Boyer and Saillard (2002a; in French, 1995 and 2002d), which aims to present the current state of knowledge in the mid-1990s from a Parisian viewpoint (for an overly critical review, see Jessop 2003c). We also note further major developments in this school, drawing in part on Boyer’s latest foundational text (2004b) and identify some theoretical innovations by other analysts sympathetic to the Parisian school. Our choice of analysts and topics in the latter regard lacks the same imprimatur as the discussion of the Parisian school but it does illustrate the innovative work being done elsewhere.

A Parisian View of the State of Knowledge

The contributions to Boyer and Saillard (2002a) provide ample evidence of incremental extension and progressive deepening. Reviewing more than 20 years’ work, with some slight updating for the English translation, the editors refer to the original RA’s extension to include national variations and/or more recent developments in the still unresolved crisis of Atlantic Fordism (Boyer and Saillard 2002b, 2002c). But they also identify other shifts. These include changes in the analysis of accumulation regimes and modes of regulation and the latter’s five main structural forms, defined by Boyer (1990a) as the wage relation, the money form, competition, the state and international regimes. Indeed he provides an excellent series of synoptic tables demonstrating this for each structural form (2002c: 46–53). The editors themselves explain these not insignificant shifts in terms of dynamic tensions introduced by unresolved theoretical issues, observation of ongoing transformations in capitalist economies since the earliest period of work (1967–73), the extension of the regulation approach to new areas and countries, and a general commitment to the motto ‘search and search again!’ (Boyer and Saillard 2002c: 45–51, 54).

Accumulation regimes (ARs)

Having initially posited a three-stage, crisis-mediated succession of regimes (ancien régime, extensive or liberal, and intensive or monopoly) and being initially uncertain about the character of a fourth stage (neo-Fordism v. post-Fordism), the Parisian school has since identified a wide range of accumulation regimes, acknowledged that they no longer fit into a neat unilinear pattern, and shown how they vary across time and space. Operating as economists, the Parisians have also conducted statistical analyses and econometric modelling of ARs at the macroeconomic and sectoral levels. More recent work has also examined the diverse sources of technological change that destabilize (and provoke transformations in) ARs; and the diverse ways in which they are inserted into the international division of labour (for example, rentier regimes, bloody Taylorism, peripheral Fordism, small open economies, newly industrializing economies, post-socialist economies). The approach has also been creatively extended to socialist societies, their crises and the problematic transition to capitalism (Andreff 1993; Boyer 1995b; Chavance 1984, 1987, 1990, 1994, 1995, 1997, 2002; Delorme 1996; Smith 1995; Smith and Swain 1998). It has also become clear that the Atlantic Fordist succession of relatively stable phases of growth interrupted by major crises in regulation and/or accumulation does not apply to more peripheral societies with high instability, blocked accumulation and/or permanent conflicts over structural forms (Becker 2002). This has led to work on instabilities and transitions for which the initial regulationist conceptual toolkit was inappropriate.

There has also been growing interest in what one might call the ‘co-constitution’ of ARs and modes of regulation (MoRs) through comparative analysis of the articulation between the wage relation (and also other aspects of the MoR or institutionalized compromises) and different regimes of accumulation (for example, flexi-Fordism in Germany, forced Fordism, flawed Fordism in the UK, the Japanese model). Finally, as it became evident that early assumptions about the post-Fordist future were wrong and that transitions to post-Fordism were proving harder than anticipated, more nuanced work began on alternative post-Fordist scenarios in an era marked by globalization and regionalization and on the obstacles to transition.

Another area of investigation has been not so much the succession of different accumulation regimes in time but the continuing divergence of accumulation regimes and modes of regulation across space. This area
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of interest is the basis for growing interaction between the regulation
approach and the long-established body of work on ‘varieties of
capitalism’. The distinctive Parisian contributions to this literature
include (1) macroeconomic modelling regarding the relative stability of
varieties of capitalism; (2) inductive studies of social systems of
innovation and competitiveness profiles to establish four main varieties of
capitalism: market-based, meso-corporatist, social democratic and
statist; (3) heuristic use of the famous fivefold schema of institutional
clickaholic – now associated with any mode of regulation and not just
Fordism – to define feasible varieties of capitalism and to generate
questions about empirically absent varieties; (4) the development of
a hierarchy of six social forms and practices ranging from the
general constitutional order through institutions and organizations to
routines, conventions and habitus; (5) the theses of hybridity and
recombination based on the transfer and/or interaction of productive
systems and institutional forms across varieties of capitalism; and (6)
work on institutional complementarities and transformative dynamics
during periods of stability and potential transition (see Amable 1999
and Petit 1999; Béry 2000; 2001; 2002; 2004; 2006; Amable 2001;
2002; 2004; 2006; Boyer and Freyssenet 2002; Boyer and Saillard 2002;
Petit 1999; Théret 1997).

Modes of regulation

From an initial concern with the structured coherence and institutional
complementarities involved in the regulation of essentially national
accumulation regimes, the Parisian research agenda turned to
specific sectors (e.g., agriculture, services), different branches (cars,
construction, finance) and subnational and/or supranational regions
(rural, urban, European). This was linked to growing interest in the
governance as well as regulation of sectors, branches and spatial scales.
The Parisian school also worked on the loss of coherence of national
MoRs due to internationalization, financialization, tertiarization,
technological change, expansion of the informal sector, and so on.
It has attempted to formalize the analysis of structural forms, institutions
and regulation and/or provide it with more solid microfoundations.
And work on post-Fordism has led to increased emphasis on alternative futures and modes of regulation based
on comparative studies as well as modelling and scenario analyses.

A crucial innovation in the analysis of modes of regulation is the recent
notion of a hierarchy of institutional forms (Petit 1999; Béry 2000;
2001; 2002; 2004; Amable 2001, 2002). Like the Althusserian notion
of ‘structure in dominance’, the concept of hierarchy implies that the five
forms do not have equal weight in modes of regulation. Thus Petit
argues that one form will be dominant and the others organized around it.
While the wage relation was the dominant form in Atlantic Fordism, for example,
post-Fordism involves the dominance of competition. Petit concedes that
there is no good reason why only one form will be dominant and does not
explain why competition is crucial in post-Fordism (1999). Béry
develops the idea more productively in distinguishing, again in a manner reminiscent
of structural Marxism, between stable and transitional periods. In periods
en régulation, the dominant institutional form is the one that imposes
structural constraints on the configuration of other institutional forms
and thereby secures their complementarity or coherence (2000b: 291). In
the Fordist period, it was the wage-labour nexus that dominated.
Conversely, in periods of transition, an institutional form is superior insofar as it can
impose its logic on other forms – without this ensuring coherence among
all five institutional forms in the short term (Béry 2000b; Petit 1999; Théret
1997).

Critics of the regulation approach … see in it an unsuccessful attempt to build
growth models. Yet, at the same time, the regulationists stress their interest
for change and for politics, and eschew economic determinism. This tension
between the search for economic laws and a commitment to political agency leads
Robert Béry to distinguish two types of phases, stable ones, when economic
laws prevail, and unstable ones, where politics matters more. This analytical cut,
which separates politics and economics, is unnecessary and introduces a major contradiction within the regulationist program. (1993: 27)

One could now argue that the economic dynamic of periods of stability
rests on complementary institutional hierarchies and institutionalized
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compromise and that periods of instability involve transformative institutional hierarchies and struggles to roll back past compromises and establish new ones. In both cases, it is essential to reintroduce agency and to explore the linkages between economics and politics.

Different structural forms have also received attention. The money form and wage relation were the two key Parisian starting points (Aglietta 1974, 1979). Money was initially seen as a fictitious commodity, taking different forms in different periods and thereby transforming the dynamic of accumulation; the distinctive stagflationary crisis of Fordism was traced in turn to the role of credit money in this accumulation regime and its articulation to the Fordist wage relation (collective bargaining, Keynesianism, collective consumption and social security). Aglietta’s later work placed yet more emphasis on the central role of the money form (albeit no longer seen in Marxist value-theoretical terms) and on the incompressibility of the wage form in modern society, which he characterized as a ‘société salariale’. He has developed a regulationist account of the duality of money as a structural form expressed in the contradiction between its roles as a national money and international currency. Whereas the former role is characterized by a unicité (unicity) linked to sovereign national states, the latter involves the plurality and anarchy of currency markets. This contradiction could be reconciled for a time through the rise of one national money as the hegemonic international currency in plurinational currency blocs or world capitalism as a whole (Aglietta 1986, 2002). The same theme emerges in his discussion of the ‘tension for governments between preserving the common services of world money and their own national preferences for macroeconomic freedom of action’ (2002: 66) and the resulting risks of currency competition (ibid.: 66–7). He has also become more interested in issues of institutional design and the strategic selectivity of different monetary systems and international monetary arrangements (for example, Aglietta 1988a, 1992, 1995, 2002; Aglietta and Rébérioux 2004).

Lipietz also undertook important work on money from a more value-theoretical viewpoint. He studied money’s role in mediating between the ‘esoteric’ world of value and the ‘exoteric’ world of everyday economic life and investigated the inflationary potential of the pseudo-validation of credit during the Fordist period (1985). Théret has been especially interested in the monetary constraint on state economic intervention, on the fisco-financial aspects of the state, and the economic moments and economic order of the political system (1992, 1994b, 1995c, 1995d). There has also been interesting work on the role of money and international currencies in the Asian crisis (for example, Billaudot and Figuière 2000; Contamin and Lacu 1998).

More generally, with the increased importance of internationalization, some regulationists have studied the subordination of the functions of money to financial arbitrage and speculation; the role of neo-liberalism in reintroducing constraints on inflationary tendencies; the implications of monetarism for the wage relation (Boyer 2000b); the ecological dominance of deregulated international finance capital in the reordering of the institutional forms of the mode of regulation in after-fordism (ibid.); the financialization of the economy, the increased importance of shareholder value and the possibility of a finance-led accumulation regime (Aglietta 2000b, 2001; Boyer 2002g, 2004b; see also Grahl and Teague 2000).

Regarding the wage relation, research turned from the correspondence among different forms of wage relation and accumulation regimes (especially between the Fordist wage relation and monopolistic regulation) to sectoral variations, national variations, new forms of wage relation, new forms of social wage and the resegmentation of the labour force after the collapse of the Fordist compromise. There has been growing interest in the social origins of wage relations and how they come to be institutionalized in different historical periods and/or different sectors and branches. This is consistent with the RA concern with the microregularities that form the basis for accumulation and regulation. Unsurprisingly, current work also focuses on alternative post-Fordist wage relations at the micro and macro levels and their potential contribution to the restabilization of capitalism and/or the passage to a greener, more sustainable mode of development.

Modes of competition

Attention has turned from the oligopolistic competition linked to large firms and financial concentration characteristic of Fordist regulation to the impact of internationalization and the differentiation of products. There is now greater recognition of the variety of forms of inter-firm, interregional and international competition, the impact of vertical and horizontal integration, new forms of quasi-integration (such as strategic alliances and networks) and the emerging role of governance mechanisms other than market and hierarchy. There is also important work on the links between social systems of innovation and competitiveness as well as the different systems of innovation associated with different varieties of capitalism (Amable et al., 1997; Amable 2001, 2003; Boyer 2004a).

State

The state was included at an early stage among the basic structural forms in any MoR but it has also been identified as a weak link in the RA (Chapter 3). The state was ascribed three key roles in régulation: guaranteeing certain economic and extra-economic preconditions for the profitable operation of capital; securing the economic and extra-economic conditions for reproducing labour power; and coordinating global flows of capital with
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National labour markets and addressing resulting contradictions. How it served these functions and/or pursued specific economic policies was often seen as politically overdetermined by its ‘relatively autonomous’ role as a specific expression of institutionalized compromises. Thus the state, too, was socially embedded; it was far from being a mere rational planner or instrument of monopoly capital. Its role in responding to the crisis of Fordism was to fashion a new institutionalized compromise that would underpin a new and dynamic ‘structured coherence’ between the emerging accumulation regime and its mode of regulation.

Because most Parisian scholars are economists, they have been less interested in the state as such. Of the earliest contributors, Delorme has worked most consistently on this topic and done most to integrate it into the RA. His second-generation approach analyses the state in terms of a theoretically informed matrix called the ‘mode of public presence in the economy’. This identifies three ways (coordination, legitimation and coercion) in which the state may intervene in the economy; and four main sites at which it may intervene: the form of its institutional separation from the economy and civil society, the institutional frameworks of economic policy, specific forms and fields of interaction, and specific state actors. He describes the resulting theoretical approach as relational, complex and integral. Thus the state is treated as a complex social relation rather than as a reified essence; and it is studied integrally11 rather than one-sidedly, that is, both as a structural ensemble and as a political actor (Delorme 1991, 2002). Two second-generation Parisians also have strong interests in economic policy, changing policy narratives and the embedding of economic policy in broader political and institutional as well as economic contexts (Lordon 2002; Palombarini 2001).

Théret has developed the most distinctive and original French regulationist account of the state. This starts from the contradictions between the economic and political orders of capitalism rather than the contradictions in the capital relation. This gives more weight to the relative autonomy of the state than is customary in the Parisian RA and, indeed, sketches an organic circuit of state power parallel to the circuit of capital. In particular, Théret explores the specificity and limits of the state’s economic dimensions as a ‘fisco-financial’ regime as well as its distinctive features as a political order (where law becomes a critical medium of organization). He interprets the logic of the economy as the drive for the quantitative accumulation of goods and money and political logic as the quantitative accumulation of power and its symbols (1991, 1992; cf. Boyer 2000b). Such distinctions enable him to examine the dialectic between instituted economic and political orders and economizing and political practices. In part this represents a theoretical rupture in regulationist work on the state because Théret also draws on theories of ‘autopoiesis’ (self-organization) and social topology as well as on the work of Weber and Simmel and his own earlier work on state formation and taxation (Théret 1990a, 1992).

This has led to a distinctive account of the operational autonomies and logic of the state and their structural coupling with economic development that emphasizes their topological (or non-hierarchical) relation: thus the capital relation and the state as a social relation both have economic and political moments and they coevolve rather than one being determinant in the last instance (the economy) or sovereign in the first instance (the political) (Théret 1991, 1992, 1994a). The circuit of state power involves two different fields of state action: political sovereignty over a given territory that is rooted in violence and political legitimacy based on an exchange of protection for taxation. More recently, Théret applied these ideas to the novelty of the European Union (with its limited post-Westphalian coercive powers and its absence of public debt) (1995c) and to systematic typologies of forms of social protection as a basis for comparative analysis (1994a, 1997). Nonetheless neither he nor other French regulationists have undertaken systematic theoretical and empirical analyses of the welfare state or its role in the reproduction–régulation of capital as a social relation.

International regimes

These have also been identified as a weak link in the RA (Boyer 1990a: 40–41; Kébabdjian 1998: 101–2; Palan 1998; Vidal 1998, 2002). They have been seen as stabilizing relations between different national economies and states (albeit organized oligopolistically under British or American hegemony) and as regulating changing forms of internationalization (albeit still marked by uneven development). Among first-generation theorists, Mistral argued that international regulation framed national modes of regulation (1986); this view is also confirmed by Aglietta (1994). Vidal’s recent work on international regimes highlights three levels: the pattern of international commodity and capital movements, as shaped by the accumulation dynamic of the advanced capitalist economies; the regulation of international political agreements, and international adaptation processes (1998). And, more recently, there has been work on whether a post-Bretton Woods international regime requires a superstate; on how international instability affects national MoRs; and on new forms of disequilibria in the international division of labour. There is still limited Parisian work on international regimes and it still draws heavily on American institutionalist theories of international regimes and/or theories of hegemonic stability that are premised on different theoretical traditions and principles (cf. Kébabdjian 1998; Vidal 2002). The main exception is work on international monetary regimes. Otherwise work mainly referred to international forms
of regulation such as trade and financial networks, multinational firms and trade agreements (Vidal 2002: 109). Nonetheless, in the context of work on globalization and regionalization, there has been growing interest in different forms of regional economic and political integration (especially the European Union but also NAFTA and alternative models of Asian and Latin American integration) (for example, Maziér 1997; Mjøset 1997; Boyer 1999, 2003b; Petit 2003b; Marques-Pereira and Théret 2001).

Outside Paris and Beyond

Many studies undertaken outside Paris have largely followed the arguments of the first-generation regulation approach. They often ignore later developments or, worse still, have ‘mistranslated’ or vulgarized its claims (cf. Barbrook 1990). Indeed Boyer criticizes sharply scholars who only cite early Parisian work and/or fail to keep abreast of the many studies that have not yet been translated from French into other languages (2002b: 1). But there have also been some important innovations outside and beyond Paris (used here metaphorically, rather than literally, to refer to scholars broadly working with the Parisian approach wherever they are based). These innovations are often less concerned with the economic dimensions of regulation than with its social dimensions. Since we cannot address them all, we will consider just three: (1) space; (2) government and governance; and (3) discourse and identity. These concerns are also particularly relevant, of course, to our interest in ‘cultural political economy’.

There have been two important shifts in regulationist accounts of space: the first is a shift from concern with the regulation of pre-given spaces to the active production of spaces of regulation (Low 1995; Tickell and Peck 1992); and, second, linked to this, there has been a shift from the taken-for-grantedness of the national level as the site of regulation to interest in the multiscalar nature of regulation and, indeed, the ‘relativization of scale’ in the after-Fordist period (cf. Moulaert and Demazière 1994; Swyngedouw 1996, 1997; Benko and Lipietz 2002; Collinge 1996; Jessop 2002).

It is now argued that scale/space is not a necessary feature of accumulation regimes and their modes of regulation but a contingent effect of the loose, differential coupling between political institutions and the economics of capitalism (Low 1995: 9, 20). There is also interest in the discursive constitution of economic and political spaces and the struggles that occur over naming and mapping these spaces (Jenson 1995). Thus some have asked how a relatively closed national economy was naturalized both discursively and institutionally as the principal object of economic regulation in Atlantic Fordism (as compared to earlier plurinational empires or the recent debate over ‘global–local’ relations). This issue can be concretized by studying how different ‘imagined’ national economies co-evolved with different national Keynesian welfare states (Jessop 1997b). Some have also questioned the capacity of flexible industrial districts to become the principal space of accumulation and regulation and, lacking a convincing answer, pondered the problems of finding a suitable spatial fix for post-Fordism (Peck and Tickell 1992, 1994, 1995).

On the first shift, Nick Low argues that the early RA tended to treat the geography of regulation as pre-inscribed within accumulation regimes and as altering unproblematically with the transition from one to another. He notes:

The geography of regulation was thus initially conceived as a ‘space of regulation’, a changing space economy impressed upon cities and regions by the mode of regulation originating at the global level [and] mediated by nation states. The influence of the global economy upon local developments can scarcely be disputed. But what is not yet clear is how much local variation in regulatory structures is possible, and to what extent emergent problems such as sociospatial polarization and misallocation of investment is due to particular local mediations and how much to the ineluctable force of global capitalism. (Low 1995: 10)

On the second shift, the Parisian RA began by prioritizing the national level. Thus, if attention went elsewhere in early work, it was to consider complementarities among different national economies and/or to enquire how international regimes helped stabilize the external conditions for national accumulation regimes. This prioritization of the national economy and its national state may explain why the early RA showed little concern with local, urban and regional spaces of regulation or, except for the grenoblois and Amsterdam schools, with supranational economic spaces (for excellent analyses of grenoblois views on the complex relations of spatiality and territorially in a plurinational perspective, see Becker 2002). Indeed, Lipietz claimed that local and regional states lack the panoply of powers available to the nation-state as an instance of regulation; and both he and Boyer initially made the same argument about supranational authorities (Lipietz 1994a: 27–8; Boyer 1990a: 39–40).

This relative neglect of other scales is one of six ‘missing links’ noted by Tickell and Peck (1992). Subsequent discovery of subnational levels of regulation was linked to the crisis of Atlantic Fordism, resurgence of the local and regional as sites of uneven development, growing interest in flexible industrial districts, innovative milieux, and so on, and a turn to supply-side policies implemented through local partnerships. The supranational level has also been highlighted by the importance of the European Union, other supranational blocs (including moves to Asian regional integration) and debates over globalization (on the differences between the EU and Asian
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integration, see especially Boyer 2003b). Another contribution to this shift has been increasing interest in links among different scales of regulation and in the multiscalar nature of modes of regulation that bear on any particular economic space (Boyer and Hollingsworth 1997b; Moulaert and Demazière 1994; Swyngedouw 1996, 1997; Jessop 1990b, 1997c; Heeg 2001; Becker 2002; Winter 2003; see Chapter 7).

Lipietz is the first-generation theorist who has worked most closely on space and uneven development (1979, 1980, 1994a; see also Leborgne and Lipietz 1988; Benko and Lipietz 1992, 1999, 2002). He treats space as a key aspect of economic regulation, arguing that it can appear both as a ‘space in itself’ and ‘for itself’. In neither case, he claims, need space coincide with national boundaries. A ‘space in itself’ consists in an ‘economic region’, that is, ‘an homogeneous area consisting of the articulation of modes and forms of production’. It is typically organized on different spatial scales (with internal differences, such as an urban–rural divide and urban hierarchies) but also has its own ‘definite subregime of accumulation’ such that expanded reproduction can occur within its borders. A ‘space for itself’ exists insofar as social forces located in that space come to form an ‘historical bloc’ (class coalition) that both articulates the identity and interests of the economic region and can defend these (in part through control of a state). Lipietz adds that Atlantic Fordism’s golden age saw a marked overlap between spaces of capital accumulation and spaces associated with national states. Conversely, its crisis prompted an extended interregional division of labour linking different national spaces as deskilled assembly tasks are exported to peripheral Fordist economies (1994a: 26–30).

Another contribution inspired at least in part by the Parisian approach (notably Lipietz and Mistral) is Jessop’s work on spatiotemporal fixes. The Parisians and other schools have tended to focus on how the mode of regulation enables an accumulation regime to reproduce itself in a relatively stable manner within a given economic and/or political space. For Jessop, an essential feature of such relative stabilization is how a mode of regulation displaces and/or defers contradictions and conflicts beyond the target space–time of its regularizing action (Jessop 2000a, 2002; Chapter 11). At issue is not how the institutional matrix of a mode of regulation is ‘capable of channeling potentially destabilizing forces towards a modicum of balance’ (Guttman 2002: 57) but how this balance actually depends on creating zones of unstructured complexity and disruptive imbalances elsewhere.

The state was soon recognized as a weak point in the RA (see Chapter 3). This recognition may well be due to the Parisian theorists’ disappointment, if not disenchantment, with the Socialist government between 1981 and 1983 and the need to rethink the state’s relative autonomy and role in institutionalized compromise. Nonetheless, most of the innovative RA work on the state is due to non-Parisian theorists (the principal exceptions are the work of Delorme, Théret, Lordon and Palombarini).

Two early contributors to this theme are the Marxist state theorists, Joachim Hirsch and Bob Jessop (cf. Boismenu and Drache 1990a: 31). Each seeks to identify changes in the form of the state and its functions that would contribute to the regularization of an emergent post-Fordist accumulation regime. Among other differences, Hirsch’s analyses were grounded mainly in the German case, Jessop’s in a comparison between Britain and other Atlantic Fordist economies. Moreover, while Hirsch was also initially more interested in the national state (but has since examined the internationalization of the capitalist state), Jessop was interested in various scales of organization and the changing centrality of the national scale. This said, they agree that the Keynesian welfare national state associated with Atlantic Fordism is in crisis and that a new state form is emerging. Thus Hirsch contrasts the Fordist Sicherheitsstaat (security state) and national Wettbewerbsstaat (or ‘competition state’). As presented by Hirsch, the former is essentially a Keynesian welfare national state in German colours; the latter is marked by its subordination of domestic policy to Standortpolitik (policies designed to promote place competitiveness) – something common nowadays to most advanced capitalist economies – and the tendential rise of totalitarian civil society (more characteristic, perhaps, of Germany). Similarly, Jessop distinguishes the Keynesian welfare national state (with three ideal-typical subspecies), which has a key role in regularizing Atlantic Fordism, from the Schumpeterian workfare postnational regime (SWPR) (also with three ideal–typical subspecies and one counterhegemonic response in the form of neo-communitarianism), which allegedly complements an emerging post-Fordism. He adds that, whereas the KWNS was primarily instituted at the national level, the SWPR is characterized by the tendential denationalization of the state, the destatization of politics and the internationalization of policy regimes (Chapters 3 and 10).

More generally, Jessop’s work combines a ‘strategic–relational approach’ to the state with a neo-Gramscian reading of the RA to generate a regulationist account of the institutional restructuring and strategic reorientation of the state system in capitalism. His work reveals major complementarities between the RA and (neo-)Gramscian state theory in their respective concerns with the economy and the state in their inclusive senses; it establishes a general view of the state as an object as well as subject of regulation; and it specifies political regimes that correspond overall in their economic and social roles to Atlantic Fordism and an emerging post-Fordism (Chapter 7; Jessop 2002).

Regulation theory is often accused of economism and structuralism and it is suggested that there is little ‘culture’ in its description or explanation.
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This is only partly true of first-generation theory with its interest in struggles over new production and consumption norms and societal paradigms. The recent interest in ‘conventions’ and the even more recent appropriation of Bourdieu’s work suggests that the Parisian RA has recognized the importance of culture and semiosis again – even if other Parisian regulationists criticize conventions theory for its methodological individualism. The accusation of neglecting the cultural is even less true of some recent work outside Paris, for there is now much interest in how MoRs help to constitute and naturalize their objects in and through the very process of regulation. This interest is evident in studies of Fordism in crisis and/or post-Fordism – especially in Jenson’s stimulating and original work (1989, 1990b, 1993a, 1993b). There is also more emphasis on specific forms of identity formation and subject formation as well as an extension of the RA to include non-class movements and forces (cf. Steinmetz 1994) and the overdetermination of the wage relation and other aspects of regulation by gender, race and ethnicity (for example, Bakshi et al. 1995).

Jenson advocates analyses of historically developed sets of practices and meanings that provide the actual regulatory mechanisms for a specific mode of growth and broader ‘societal paradigms’. This implies that economic crises involve more than a final encounter with pre-given structural limits. They are actually manifested and resolved in an interdiscursive field in which social forces assert their identities and interests. Newly visible and active forces emerge in a crisis and participate in the expanding universe of political discourse; they offer alternative MoRs and societal paradigms and struggle to institutionalize a new compromise. If a new ‘model of development’ does become hegemonic, it establishes new rules for recognizing actors and defining interests (Jenson 1990b: 666). Such comments highlight the discursive constitution of objects of regulation by showing how new paradigms may be constructed through the entry of new social subjects.

CRITIQUE AND COUNTERCRITIQUE

In his initial French-language review of the RA, Boyer regretted that francophone economists had criticized it on the basis of a ‘very incomplete knowledge of the works it has produced’ (1990a: 25). Some ten years later, introducing the English translation of the recent regulationist handbook, he noted that ‘in practice English language readers have had access to only a few texts, which were already outdated, on the basis of which they made their critiques, which were often apt, but which did not take into account subsequent developments in research’ (2002b: 1). Such admonitions merit attention. Indeed, given the vast range of recent Parisian-inspired work, some critiques are woefully limited to a couple of pioneer texts and some standard (and often outdated) secondary works. This observation does not mean, however, that the RA is beyond criticism, nor does it mean that all criticism can be rebutted simply by recommending the reading of the latest works. It does suggest the need for more balanced and up-to-date commentaries, however, rather than recycling of old criticisms or critical engagement with just one recent text in book reviews and the like. We can show why this is necessary by re-examining some familiar charges against the regulation approach.

The RA has been criticized on several counts. Firstly, it is accused of functionalism, that is, of assuming that MoRs emerge in order to meet certain functional needs of pre-given ARs. Even if true of cavalier theoretical appropriations and/or political vulgarizations of the RA, it never really held for the pioneer texts. These stressed the discontinuities in ARs and the problematic emergence of new MoRs through search processes and class struggles. Further theoretical work on this issue has produced a well-rehearsed response. MoRs are actually ‘chance discoveries’ (trouvailles, Fundsache) that co-evolve with, and thereby co-determine, ARs. This excludes both teleological accounts suggesting that MoRs arise in order to consolidate an existing AR and those ex post functionalist accounts arguing that an existing AR will be consolidated only if an appropriate MoR can be discovered and instituted. A third-generation anti-functionalist response is that ARs are co-produced through attempts at regulation. They do not pre-exist MoRs. Instead the spaces and scales on which they operate, their temporal rhythms, their crisis tendencies and so on, in short, their basic features and structural forms, are the product of attempts to envision, institute and consolidate a more or less coherent and manageable set of economic relations and their extra-economic conditions of existence (cf. Lipietz 1987a).

Second, some critics claim the RA is structuralist. It allegedly attributes iron laws of motion to capitalism and prioritizes structures over agency. It supposedly believes in objective and immutable laws of capitalism operating ‘behind the backs of the producers’; and so it either ignores class struggle or treats it as a ruse of capitalism’s self-development. From the outset, however, almost all regulationists regarded economic laws as mediated in and through specific institutions and practices and argued that no MoR contains class struggles for ever. Remember, too, that the RA originated in attempts to explain the genesis and crisis of Fordism in the USA and France, and that its pioneers emphasized the historical variability of capitalist crisis tendencies. Subsequent theoretical work has also shown that the so-called ‘laws’ of capitalism are, in fact, ‘doubly tendential’. Not only do they operate as tendencies (with countertendencies) that are realized only in specific
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conditions; they are themselves tendential. For they operate as tendencies only insofar as the social relations in which they are inscribed as emergent properties are reproduced through a web of social relations (Chapter 10). Lipietz implied this when he wrote that Marxist concepts come from the partial systematization of a reality which is itself only partially a system (1987a: 13). This response is, of course, wholly consistent with that to charges of functionalism.

The other blade of this two-edged criticism is also blunt. Not only can the ‘laws’ of capitalism be grounded in an extended regulation of social relations of production, there has also been growing interest in its microfoundations and in the best way to describe and explain social agency. Although Aglietta has indicated that his initial work was inspired by Bourdieu’s sociology and Foucault’s microphysics of power (see Dosse 1992b: 338), Parisian work in the 1980s shifted from such sociological concerns. A lively debate has ensued among some French regulationists about the suitability of ‘methodological individualist’ microfoundations drawn from rational choice, game-theoretic, transactions costs and conventionalist approaches (Jessop 1997a). There have also been suggestions about how to link regulation to social, rather than methodologically individualist, accounts of agency. The latter range from a Giddensian structurationist approach, which merely emphasizes the ‘duality of structure and agency’ (for example, Esser et al. 1994) and the analogous appropriation of Bourdieu’s concept of ‘habitus’ (Lipietz 1987a: 15; Painter 1997; Boyer 2001a: 86–7) through the strategic–relational approach (Jessop 1990b) to concerns with the ‘assujettissement’ of agents as imperfect bearers of incomplete capitalist relations of production (Scherrer 1995) and analysis of identity struggles in and during crises of accumulation (Jenson 1990b, 1991). In one case, this concern with agency even extends to the embodiment of regulation in corporeal transformations (Wark 1994: cf. Boyer, who cites Bourdieu in this context, 2002c: 17). Boyer has recently written on the suitability of the ‘concepts of habitus and field’ to the regulationist project (ibid.; cf. 2003a and, most extensively, 2004b: 121–68) and has also attempted to define the regulation approach as neither methodologically individualist nor holist but as a ‘holindividualist’ theory that is open to history and the diversity of institutional configurations (2004b: 17–36).

Third, some argue that regulationism is too simplistic, reducing postwar history to an inevitable transition from a stable Fordism to a stable post-Fordism. This criticism would be better aimed at its superficial reception. It also ignores the RA’s emphasis on historical specificity and the widening empirical scope of recent regulationist work. Thus second- and third-generation studies have demonstrated the wide range of ARs that co-existed in Atlantic Fordism’s orbit as well as the obstacles encountered and overcome in stabilizing these regimes in all their rich variety during ‘les trente glorieuses’. There are also many studies of peripheral Fordisms and other types of AR outside the main circuit of Atlantic Fordism and a growing appreciation of the other scales on which local and/or regional ARs were organized. Moreover, as indicated above, there is now considerable interest in alternative trajectories beyond Fordism and in the many complex problems of achieving them. Indeed, it is one of the more salutary lessons learnt by the RA over the last 20 years (which have coincided, of course, with the Fordist crisis and its still unresolved aftermath) that there are no easy roads to reregularizing capitalism. Certainly no one any longer suggests, as Boyer once did in his critical presentation of the RA and proposals for a second generation of research, that it would be possible to undertake ‘real time’ observation of crisis resolution (Boyer 1990a: 111).

Fourth, the very idea of ‘regulation’ is said to imply that conscious action (most notably, state intervention) can somehow suspend capital’s contradictions and guide accumulation without crises. This charge is rooted in anglophone confusion between régulation (social regularization) and legal or state regulation (which would be termed réglementation in French). But it may have acquired some credence because of the technocratic basis of the first-generation RA and their initial interest in the state’s primary role in codifying the institutionalized compromise necessary to any accumulation en régime. This heightens the paradox that most RA scholars have actually shown little interest in the details of economic policy or any forms of state intervention. This can be linked to the RA’s initial theoretical concern with the origins of crisis rather than any possible policy-induced or state-engineered escape therefrom (Lordon 2002). But more recent work has begun remedying this neglect through theoretical and empirical research on the mode of public presence in the economy, on economic policy and on issues of economic governance, that is, the various forms of strategic coordination of interdependent economic activities. In this light, MoRs define the parameters within which governance operates.

Structural forms should be understood, not as mechanisms that ensure a simple repetition of routine behaviours but, rather, as relatively coherent frameworks providing a repertoire of responses that may secure some partial, localized and temporary control in a turbulent, crisis-prone environment. As Boyer and Saillard note, the concept of ‘mode of development does not imply identical reproduction, rather it suggests inscription in historical time: unforeseen events arise, cycles follow one another, institutional forms gradually change and there emerges the possibility of evolutions so contradictory that they become explosive’ (Boyer and Saillard 2002b: 43; cf., on the ebb and flow of regulatory practices, Painter and Goodwin 1995). And, if reproduction is not quasi-automatic, actions can make
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A difference. In periods *en régulation*, regulation and governance occur within parameters defined by institutionalized structural forms; during periods of structural crisis they are more experimental, trial-and-error and chaotic. This search process is a source of institutional and behavioural variation; more successful experiments are selected *ex post* and, through their co-evolution, are reinstitutionalized and retained as the basis for a new repertoire of governance mechanisms. This concern with agency should not be confused, however, with an explicit, state-centred, top-down account of regulation. Instead it emphasizes the necessity and fragility of attempts to regularize and govern a complex economic and extra-economic process.

CONCLUDING REMARKS

There is a double paradox in the RA’s influence. It has been very influential theoretically in many social science disciplines and has had a major impact on research agendas in many different fields of study. Yet it has failed to realize key elements of its original scientific and political agenda. It aimed to transform the field of economics by a direct assault on the basic assumptions of the ‘standard’ model and to reorient it in an evolutionary, institutional and sociological direction. The Parisian school could also be interpreted, on the basis of its critique of structural Marxism, as wishing to transform the sociological understanding of capitalism by integrating its economic and extra-economic moments. In both respects its expectations have been disappointed. Although it has acquired more allies among heterodox economists, it has not transformed mainstream economics; and it has not convinced the other social sciences to take serious account of the specificity of economic forms and mechanisms. Nor did it gain significant influence over state policy in France even when the political conjuncture seemed favourable — although there have been some favourable signs again in the mid-2000s.

The Parisian school has reacted to its isolation in mainstream economics in three ways. First, it has sought a rapprochement with other forms of institutional and evolutionary economics. Initially this was justified by the early stage of development of the regulation approach, a situation that ‘calls for constructive confrontations with other theories, both close to and distant from it’ (Boyer 1990b: xix). Subsequently, with the shift to second- and even third-generation work, this strategy was justified anew by the need for a general rassemblement (rallying together) of all relevant heterodox forces to present a united front:

Any alternative to conventional neoclassical economics has to develop a set of common founding concepts, rigorous methods, which are shared by a large community of researchers, whose advances can be used by other members involved into *[sic]* the same research programme. This is particularly the case if the objective is to understand the dynamics of a capitalist system, which by definition is supposed to form an entity, meriting an integrated approach. It would be dismal if the new wave of institutional analyses were to produce a series of disconnected results originating from competing, or (worse) fragmented, communities. Therefore, this section proposes a provisional common basis for promoting such an understanding of capitalist systems, and overcoming the paradox that neoclassical theory is currently facing. (Boyer 2001a: 85)

Second, it has tried to find microeconomic foundations for the RA that would replace those of *homo economicus* and thereby provide a more adequate basis for exploring the linkages between micro- and macro-level phenomena (Boyer 1990a: 85–6; 2001a: 79, 87; 2004b: 33–6). Of particular significance here are transaction costs analysis, the sociology of conventions and, more recently, the concept of habitus (Boyer 2003a, 2004b).

And, third, the Parisian school has emphasized convergences with, and borrowed from, other social sciences such as history, sociology, law, political science, and international relations (Boyer 1990b: xix–xxi). Indeed Boyer has recently presented this principle as the first of ‘four founding hypotheses of régulation theory’. Namely, the need to reconstruct the field of analysis to integrate and synthesize economic logic, preservation of the social bond and the importance of politics in the temporary solutions to socioeconomic conflicts. Thus the RA ‘seeks to benefit from the contributions of related disciplines such as history, sociology and political science, from which it is willing to draw some conclusions as working hypotheses’ (2002b: 5). Its aims in this regard are to gain help in its development of a necessarily interdisciplinary approach to investigate ‘the institutions necessary for a capitalist system to function and adapt’ (Boyer 2001a: 78; cf. Boyer 1990a: 112) and thereby ‘deliver a more convincing and relevant picture than is provided by the bulk of neoclassical – sophisticated but balkanized – micromodelling of a system, the logic and dynamic of which is hardly captured’ (2001a: 51). Boyer has made the same argument in relation to parallels and complementarities with the relational sociology of Pierre Bourdieu and the institutionalist literature on varieties of capitalism (2004b). In building these strategic alliances, Boyer may also be seeking some legitimacy in the face of continuing rejection by the mainstream.

Unfortunately, the mainstream approach remains stubbornly unconvinced by these strategies. For the RA has failed to break through the defence mechanisms of the heretically closed ‘standard’ theory. The latter has recuperated these and many other challenges (as anticipated, for the RA,
by Cartelier and de Vroey 1989). The standard theory still prefers to explain the economy in narrow economic terms even as it pursues ‘economic imperialism’ in other disciplines by extending its assumptions and economic modelling to other areas (cf. Boyer 1990a: 81; 2002b: 3, 2002c: 14). The RA has failed to win the battle in economics, which largely remains committed to explaining the economy within a narrow, anti-institutionalist framework and has contrived to export this framework into other social sciences in the form of ‘economics imperialism’. Boyer recognized this lack of impact in his critical introduction to ‘ten years of regulation theory’ when he noted that neo-classical economists had largely responded to the RA with ‘perplexity, criticism, and even outright rejection’ (1990a: xxvi). This is why he devoted a good sixth of that introduction to rebutting some criticisms that came mainly from ‘pure’ theorists and to conceding others, while explaining them away in terms of the ‘adolescence’ of a small, emergent school (ibid.: 78–97). The same disappointment is found in the introduction to the English translation of his critical introduction, where Boyer remarks that the school has been ‘under continuous fire from economic theorists and from specialists in American history’ (1990b: viii). And, in surveying the ‘state of the art’ after 20 years (confirmed seven years later in the English translation), by which time the approach ‘has grown from adolescence to maturity’ (2002b: 8), Boyer commented, in self-evident frustration:

it is paradoxical that while the hegemony of the neoclassical methodology that was supposed to produce a cumulative research programme prevailed, its results were more contradictory than ever. In contrast, régulation theory expanded its methodological tools – giving the impression of explosive division – and yet simultaneously produced a set of conclusions which were noticeably convergent and which have been undergoing a process of refinement since the early 1970s. (2002c: 15)

At the same time, the Parisian RA has failed in its objectives even where it has seemed most successful. For its message to other social sciences has been misread, rejected or blurred. Its proselytization attempts have typically been one-sidedly appropriated by other social sciences. Recall here that the RA tried to correct the one-sidedness of mainstream economics by stressing the need to complement the study of economic mechanisms of reproduction with that of extra-economic mechanisms of régulation. Whereas mainstream economics has largely ignored the role of régulation, however, other social sciences have largely ignored the role of market-mediated reproduction. The early RA was much interested in the specificities of ‘stagflation’ (stagnation and inflation) and the nature of money. Although this particular symptom of the Atlantic Fordist crisis is not significant in after-Fordism, this does not justify neglect of economic forms and their role by other social sciences.

Yet, for most social scientists, the RA is equated with analysis of social embeddedness, with the social dimensions of MoRs and with the extra-economic dimensions of capitalism. By and large they neglect the specifically economic aspects of such structural forms as the commodity, the wage relation, money, credit, taxation, the price mechanism, changing forms of competition, and so on – the realm of ‘hard’ political economy rather than ‘soft’ economic sociology. In collaborative work on governance, for example, these forms are subsumed under the category of ‘market’ coordination and attention is focused on non-market forms of coordination (Boyer and Hollingsworth 1997a; Boyer 2002f: 325–6).

There are two further areas where the RA can be said to have failed in its proselytization attempts outside mainstream economics. The microfoundations it proposed as alternatives to the neo-classical paradigm have been rejected by social scientists in favour of other accounts. This is seen in attempts to ground régulation in structuration theory, in discourse analysis, in the strategic–relational approach, and so on. This is hardly surprising as Parisian proposals for microfoundations have deradicalized the original Marxist-inspired analysis in favour of forms of methodological individualism and encouraged a retreat towards game-theoretic or transaction costs analyses. The limits to this approach were eventually recognized even by Boyer, who had strongly recommended game theory in his critical introduction (1990a: 85, 105–6; cf. 2002f: 321) and, just as strongly, dismissed its usefulness some 15 years later, writing that these rather attractive tools can deliver almost every required result, provided that the structure of the game, the flow of information and the sequencing are properly defined. The relevance of the conclusions is directly linked to the adequacy of the core hypotheses ... which are never tested but simply introduced by few subtle references to some features of the real economies. But why select one feature rather than another? (2001a: 77)


And, finally, as other forms of institutional and evolutionary economics have been developed, it has become less clear what is distinctive about the RA. Its message has been dissipated within a more general appreciation of the importance of institutional and evolutionary approaches to economic analysis. This risk was already evident in Boyer’s critical introduction, where, as Lipietz’s book review notes, the range of potential interlocutors who work in one way or another on seemingly ‘analogous’ problems indicates the scope for eclecticism (1987b). The subsequent attempts at rapprochement with other approaches have reinforced this dilution of the original regulationist message because it emphasizes its contributions to a more general project to
which many other currents can also contribute. This makes it hard to establish clear criteria for continued progress in the approach in terms of regulation. These remarks might well suggest that the RA has been a double failure. For one might conclude that it has failed to convince mainstream economists that economics should cease to regard extra-economic phenomena as irrelevant, marginal, exogenous, ceteris paribus issues; and that it has failed to convince mainstream social scientists that capital accumulation cannot be explained without serious and systematic reference to economic as well as extra-economic mechanisms. But this does not justify the conclusion that 30 years of the RA have been wasted. These may not have been ‘les trente glorieuses’ for the regulation approach; but nor should they be dismissed as ‘les trente douloureuses’. Academic debates are themselves socially embedded and it would be quite unreasonable to expect the RA to dislodge the standard theory when there are many vested interests in the latter’s survival. Moreover, despite this double disappointment in terms of two key parts of its original project, there have been many successes. However one-sided the reception of its own dialectical message beyond the original Parisian school, the latter has certainly continued to develop the original approach in regard to economic and extra-economic mechanisms alike. It has had a major catalytic impact in reorienting social and economic analysis in the social sciences, even if this has occurred in ways that were not originally intended. It has made major contributions to the overall analysis of accumulation as a socially embedded, socially regulated process. Its disciples have placed the contingent periodization of capitalism on the agenda; highlighted the crisis of Atlantic Fordism and the search for post-Fordist trajectories; explained different crisis forms (stagflation, and so on); shed new light on the economic role of the state; examined changing forms of internationalization; studied the nestedness of different accumulation regimes and modes of regulation; revealed the importance of the production of space and scale; applied the RA productively to post-socialism and East Asian NICs; and generated work on Japan, the labour process, and so on. By most standards, this is no mean achievement.

NOTES

1. Boyer is a possible exception here (Husson 2001). Vidal notes that Boyer, Mazier and, later, Mistral worked initially as econometricians for the Direction de la Prévision in 1973–4 to construct the STAR model (Schéma théorique d’accumulation et de répartition) used in calculating budgets; and that their contributions to the CEPREMAP-CORDES research on inflation were published separately from the more Marxist analyses of Lipietz (1979, 1983, 1985) and also argued that their results could also be understood in neo-Keynesian terms (Vidal 2001: 20, 23–4). See also Chapter 1.

2. On the grounds that all individuals have perfect knowledge about the future and no individual’s actions can affect the overall development of the market.

3. This is because the market mechanism permits a return to previous positions. On irreversibility in economics, see Boyer, Chavance and Godard (1991).

4. And, against the Keynesian alternative, that they matter in more than an instrumental manner (Dosse 1992b: 336).

5. Boyer treats such incremental empirical extension as one of the four founding hypotheses of the RA: ‘the gradual generalization of its basic concepts, tools, and results over long historical periods and in increasingly diverse geographical areas’ (2002b: 5; cf., 1990c: 9).

6. Boyer’s call for a second generation of studies noted that the need to forge new concepts and enrich the regulationist problematic in order to avoid the sclerotic application of concepts for Fordism to a growing number of social formations; and he added that new concepts were also needed to deal with ‘missing links’ such as the state and space (1990c: 10, 14–15).

7. Both aspects are discussed under the rubric of ‘approfondissement’ (deepening) in Boyer and Saillard (2002c).

8. The phrase comes from Vercellone (1994).

9. The development of local monies, local trading schemes and other social monies indicates a certain pluralization of money even in national states (for example, Lee et al. 2004; Seyfang 2004; Baecker 2005).

10. Delorme introduced the acronym ‘ERIC’ (l’Etat relationnel intégral complexe) to describe this approach.

11. Thus integral means something quite different here from Gramsci’s notion of the integral state, that is, political society + civil society (see Chapter 12).

12. Aglietta, for example, noted how the low-inflation, export-oriented German economy was structurally coupled to the high-inflation French economy that imported German goods and compensated for inflation with periodic devaluations (1982b). Likewise, Mistral suggested the stability of an international regime rests on the conformity of the map of the international division of labour with the forms of regulation’ (1986: 188).

13. Sicherheit refers here both to social security and the welfare state and to the state’s disciplinary surveillance of society to protect national security (Hirsch 1983b; 1995a). See also Hirsch and Roth (1986).

14. Or, in critical realist terms, inscribed as ‘natural necessities’.

15. ‘Assujettissement’ refers to the complex process of forming subjects.

16. The second founding hypothesis is to extend the analysis to more and more topics (see note 6 above); the third is to recognize the fundamental historicity of capitalist development; and the fourth is to aim at theoretical integration across different cases and fields of analysis rather than rely on ad hoc hypotheses (Boyer 2002b: 5–6).

17. Boyer also describes the approach as ‘multidisciplinary’ (2002c: 18).

18. For a contrasting example, from a non-regulationist economist, see Gough’s value-theoretical work, which covers several RA major themes with power and insight (1992a, 1992b, 1996a, 1996b, 2003).
8. Bringing governance into capitalist regulation

This chapter presents a materialist analysis of regulation and governance grounded in the nature of capitalist social formations. Although standard neoclassical theory is concerned only with the role of markets as a coordination mechanism, the regulation approach and other versions of evolutionary and institutional economics also recognize the key contribution of other modes of coordination (or governance) to capitalist reproduction. Reference to markets, hierarchies, networks and other modes of coordination occur systematically in institutional analyses of capitalism. The relative importance of different coordination mechanisms also informs the many and varied attempts to distinguish varieties of capitalism through concepts such as uncoordinated liberal market capitalism; dirigisme, the governed market or developmental state-led capitalism; and corporatism, coordinated capitalism or the negotiated economy. The same broad typology underpins, as we saw earlier, attempts to define the bases of the ‘economic miracle’ in East Asian newly industrializing economies, namely quasi-market economies, developmental states or Confucian capitalism (Chapter 5). Analogous distinctions have been drawn in comparative work on welfare regimes (Esping-Andersen 1985, 1990; Théret 1997; Ebbinghaus and Manow 2001; Scharpf and Schmidt 2000) and types of policy making (O’Neill 1975b; Considine 2001; Zeitlin and Trubek 2003). We suggest that the recurrence of such distinctions across different domains and disciplines can be explained in terms of specific institutional and organizational features of capitalist social formations. But this in turn poses important questions as to why modes of coordination vary in significance across different stages and varieties of capitalism, across different kinds of state and political regime and across other institutional orders and in civil society.

Such issues have become increasingly important for regulationist scholars as well as other evolutionary and institutional social scientists interested in comparative political economy. Thus, whereas first-generation regulationist work was more concerned with periodizing capitalism into successive stages or accumulation regimes and tended to assume a single model for each period that would spread through competitive pressure or imitation, second- and third-generation work has explored different varieties of capitalism and their potentially complementary and/or antagonistic relations within an evolving world market (for example, Amable 2003; Amable et al., 1997; Boyer 1986b, 1988a, 2002e, 2002f, 2004a, 2004b; Boyer and Yamada 2000). This is reflected in a partial rapprochement between regulationist work and the burgeoning field of work on economic governance at one or more of the sectoral, local, regional, national and international levels. On the one hand, regulationists have shown increasing interest in different mechanisms of governance and their role in regularizing the key structural forms of the economy in its inclusive sense. And, on the other hand, students of governance have become interested in why different economic sectors have different modes of coordination, in the problems of economic governance at different scales from the local to the global, in the shift from government to governance in the state and inter-state systems, and in the rise of networked forms of sociality and network societies. This convergence of interest has prompted significant collaborative work between regulationist scholars and students of governance, which has helped, in turn, to consolidate that convergence (for example, Aglietta 2000b, 2001; Aglietta and Rébéroux 2004; Aoki 2000; Benko and Lipietz 2002; Gilly and Pecqueur 2002; Boyer and Hollingsworth 1997a; Boyer et al., 1998; Boyer and Dehove 2002; Streeck and Crouch 1997; Görg 2003; Brand and Görg 2003).

Although this rapprochement provides the immediate pretext for the present chapter, we will not confine ourselves to its exposition and critique. Instead we aim to show the limits of both regulationist and governance studies of the different mechanisms of economic coordination by showing how these mechanisms are grounded in the logic of capital and how this in turn means that markets, organizations, states, networks and other modes of coordination are all prone to failure. Thus we will first compare and contrast the regulation approach with recent work on governance and seek to establish whether they are theoretically commensurable and, if so, how they might benefit from closer engagement. We will then put both regulation and governance ‘in their place’ by exploring possible structural reasons for the repeated failure of the main economic and political coordination mechanisms and, on this basis, consider possible responses to market failure, state failure and network failure. These include attempts not only to improve the design and operation of these three modes of coordination considered individually but also to find better ways to manage (or collibrate) the balance among them to optimize the overall pattern of governance. We thereby seek to ground the concerns of the RA and studies of economic governance in the nature of capitalist social formations. Finally, we conclude with some general remarks on the overall improbability of successful regulation and/or governance and alternative responses to repeated coordination failures.
THEORETICAL BACKGROUND TO INTEREST IN REGULATION AND GOVERNANCE

We have already noted the importance of distinguishing words from concepts. This holds especially for regulation and governance. Etymologically, both words have had long lives, dating back to mediaeval Latin and beyond. However, whereas ‘regulation’ gained wide currency in diverse contexts, governance fell into disuse in favour of government. Nonetheless the widespread but polysemic use of the word ‘regulation’ has disguised the distinctiveness of the concept as used in the RA when it entered the anglophone world in the late 1970s and early 1980s (Chapter 1). Conversely, although the first recorded uses of ‘governance’ which occur in the fourteenth century refer mainly to the action or manner of governing, guiding or steering conduct, it is only since the mid-1970s that explicit and sustained theoretical and practical concern with governance as opposed to government has re-emerged.

The renewed interest in regulation and governance seems to have both theoretical and practical motives. On the one hand, it apparently stems from growing dissatisfaction with a number of dominant approaches in conventionally demarcated mainstream social science disciplines. This holds both for the RA and for research on governance. And, on the other hand, these new interests apparently coincide, also in both cases, with new problems (or, at least, new ways of discursively constituting problems) across a growing range of phenomenain many different social scales.

French work on ‘regulation’ arose in part in opposition to neoclassical economists’ obsession with the market-driven tendency towards general equilibrium – a process that allegedly flows from disembedded economic exchange among pre-constituted rational economic actors. Its subsequent popularity is based on rejection of the rigid, fetishized distinction between the economic and extra-economic and on increased interest in the socially embedded, socially regularized nature of economic activities, organizations and institutions. Marxist regulationists shared this concern too insofar as they related class struggle to particular institutional or structural forms that delimit the nature and intensity of class struggle for more or less extended time periods without suspending or transcending the basic contradictions of the capital relation.

Studies of governance also emerged in reaction to perceived inadequacies in earlier theoretical paradigms, especially those grounded in the dominant conceptual trinity of market, state and civil society. In institutional economics and transaction cost analysis, for example, interest grew in forms of economic coordination that conform neither to pure markets nor to unitary corporate hierarchies (Coase 1937; O.E. Williamson 1975, 1985, 1996). This is reflected in studies of diverse economic governance mechanisms (such as clans, networks, relational contracting, ‘organized markets’ in group enterprises, trade associations and strategic alliances) that coordinate economic activities without direct resort to the market (for example, Campbell et al., 1991; Grabher 1993; Hollingsworth et al., 1994; Salais and Storper 1992; Storper 1993; Teubner 1993). Similarly, some international relations theorists rejected the conventional realist distinction between the domestic political hierarchy organized under the dominance of a sovereign state and the international anarchy formed through inter-state relations (cf. Bull 1977; Krueger 1983). Instead they studied a growing range of international regimes that allegedly involve ‘governance without government’ and thereby both overcome international anarchy and bypass the nation-state (Rosenau and Czempiel 1992). A recent strand of such research concerns global governance (Desai and Redfern 1995; Hewson and Sinclair 1999; Slaughter 2004).

Some political scientists also rejected the rigid distinction between private and public spheres in state-centred analyses of politics and its associated top-down account of state power. Instead they studied forms of political coordination that span the public-private divide and involve ‘tangled hierarchies’, parallel power networks or other forms of complex interdependence across different tiers of government and/or functional domains. In short, they turned from government to governance. Moreover, by highlighting the growing role of associations, regulated self-regulation, private interest government, and so on, they also challenged the idea that civil society is the residual site of community and/or the field par excellence of bourgeois individualism.

A fourth, more heterodox, example of growing interest in governance is neo-Foucauldian work on ‘governmentality’, that is, rationalities of governance that rely neither on the logic of commodity exchange nor on the sovereign state but depend instead on the intersection of specific technologies of power, specific forms of knowledge and surveillance aimed at normalization, and ‘technologies of the self’. Foucault first introduced these concepts to show the novelty of certain forms of anatomopolitics (disciplining of the body) and biopolitics (control over the population of a given territorial state) that emerged in the eighteenth and nineteenth centuries. He also showed more interest initially in how these mechanisms of individual disciplinary normalization emerged in sites far removed from the immediate sphere of production and were aimed at categories not involved in directly productive labour (for example, prisons, clinics, barracks, asylums). He also sought to show that biopolitics involved a shift from the exercise of top-down power by a sovereign state to a detailed pastoral concern for the population. Subsequent studies by Foucault and some of his followers
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-especially the so-called Anglo-Foucauldian school) have extended these analyses to the emergence of liberalism and neoliberalism, the organization of the labour process and capitalist accounting, and new techniques of governance (Burchell et al. 1992; Dean 1994; Hunt and Wickham 1994; for a Foucauldian study of governmentality in post-Fordism, see Opitz 2004; and for an attempt to locate Foucault’s theoretical development in relation to the crisis of Fordism, Lemke 2003).

The explosive interest in regulation and governance since the 1970s does not mean that these paradigms have no pre-history. That of the RA can be found in earlier institutional and evolutionary economics and in other social scientific work on the social embeddedness of economic activities (for example, Hodgson 1989; Polanyi 1944; Granovetter 1988; Mjøset 1985; Swedberg 1987). Likewise, theories of governance have obvious precursors in institutional economics, work on statecraft and diplomacy, research on corporatist networks and policy communities and interest in ‘police’ or welfare (for example, Smith 1776; Der Derian 1991; Manoïlescu 1936; Schmitter 1974; Knöbl 1998; Neocleous 2000). And there are, of course, several current alternatives to the regulationist and governance paradigms.

Given such pre-histories and present alternatives, other factors could well lie behind the recent interest in regulation and governance. This is suggested on both sides by the link often made between the transition from Fordism, which is generally regarded as involving a mixed economy, to post-Fordism, which is either regarded as a return to the primacy of market forces or as extending the scope of networks, partnerships and other forms of reflexive self-organization. Thus the emergence of the RA is closely related to the crisis of Atlantic Fordism and the search for new accumulation regimes and modes of regulation. Likewise, the current fascination with governance is closely linked to the failure of many coordination mechanisms that had been taken for granted in the postwar world. Here we could mention the crisis of the postwar Keynesian welfare national state and its typical modes of economic and political coordination, including tripartite macrocorporatism; and the competitive threat to Anglo-American capitalism posed by other models of capitalism (either Continental European or East Asian) allegedly based on the primacy of non-market mechanisms of economic and political coordination. Two additional factors would include, first, the crisis of US hegemony in a post-Cold War order and the attendant search for post-hegemonic and/or ‘post-national state’ solutions to global problems and, second, the eruption of identity politics and new social movements which threaten established forms of social and political domination. This spurred growing interest in compensating for the failure of the mixed economy when market solutions alone would be insufficient; in resolving the disciplinary crisis of an allegedly dependency-inducing ‘state of welfare’ by instituting new forms of ‘regulated self-discipline’ in an ‘enterprise society’; in issues of corporate governance and national competitiveness; in managing new (or newly defined) economic, military, demographic, environmental and other threats to global security; and in the search for ‘good’ rather than ‘bad’ governance in ‘third world’ polities, whose authoritarianism and corruption are no longer defensible as somehow better than totalitarian communist rule. In short, whether prompted by a growing sense of problems in mainstream social science disciplines and/or of the return of market and state failure, there were striking parallels between the initial critiques and solutions offered by the RA and theories of governance. Indeed, both shifts illustrate, in their different ways, the close, mutually constitutive links among academic discourse, political practice and changing realities.

META-THEORETICAL ISSUES IN WORK ON REGULATION AND GOVERNANCE

There are also more direct links between studies of regulation and governance. This involves far more than Lipietz’s casual remark that governance is the American paradigmatic equivalent of the French regulation approach (1993b: 8n). For, as we noted above, some regulationists have engaged with governance theory in sustained ways in order to advance their own theoretical and empirical work. Thus Boyer, who has participated in comparative research on sectoral governance (Boyer and Hollingsworth 1997b), notes that ‘economic governance and the mode of regulation are twin concepts’ – with the former more relevant to sectoral governance, the latter to national styles of regulation (1991: 3–4, 29–41; cf. 2002: 325–6). In addition, as Gilly and Pecquet observe, ‘The concept of governance, which was originally created for sector-based analyses, could be transposed with a view to understanding territorial dynamics’ (2002: 197). Finally, in an even more extensive definition, Benko and Lipietz claim that governance designates ‘all the forms of régulation that are not commercial or state-based: it is civil society minus the market … plus … local political society’ (Benko and Lipietz 1992); and they go on to equate governance with ‘what Gramsci calls “civil society”’ (2002: 195).

Conversely, some theorists of neocorporatism and industrial governance have examined local modes of economic regulation, changing governance mechanisms and their roots in the crisis of Fordism, changes in the local, regional, national and global economic dynamic, and the transition to post-Fordism (for example, Campbell et al. 1991). Indeed, Hollingsworth and colleagues suggested that a ‘mode of regulation’ could be defined in terms of the distinctive mix of different forms of governance (1994a: 9). Commenting
on regulation, they add that "the process of fitting production and social demand" necessarily involves a wide and diverse range of governing institutions, not just those setting wages and norms of production" (ibid.). Similarly, regarding political governance, commentators have connected the restructuring of the local state (especially the shift from government to governance) and the crisis of the Fordist mode of regulation (for example, Cochrane 1991, 1992; Esser and Hirsch 1989; Harvey 1989a, 1989b; Mayer 1994; Painter 1991; Stoker 1989). Yet others connect the crisis of the national state and the transformation of international regimes (see Chapter 3).

A deeper theoretical factor in this parallelism and convergence was the shared interest in the early stages of both theoretical currents in the self-organization and self-reproduction of complex systems in turbulent environments. This is an issue for which neoclassical equilibrium theory in economics, notions of market and hierarchy in institutional economics, the state–anarchy dichotomy in international relations, the public–private distinction in political science, structural-functionalism in comparative politics and top-down accounts of power are all, in their different ways, ill-adapted. Thus first-generation regulationist work drew on general systems theoretical analyses of self-regulation (Delorme 2002) and on biological notions such as autopoiesis and homeostasis (Lipietz 1984a, 1985, 1988). Likewise, systems theory influenced early Continental European concern with the external ‘steering’ (governance) of individual autopoietic systems and/or the strategic coordination of multiple autopoietic systems. In addition, as Anglo-American scholars of governance moved from critique and problem solving to substantive theorization, they also began to adopt systems-theoretical ideas. Other work has examined the self-organization of organizations, the constitution of organizational identities, the modalities of coordination of interorganizational relations (which, by definition, exclude organization or hierarchy) and issues of organizational intelligence and learning (useful surveys of work in this area include the contributions in Kooiman 1993; Kickert 1993; Marin 1990; Marin and Mayntz 1991; Matzner 1994; Mayntz 1993; Scharpf 1994; and Teubner 1992, 1993). Finally, neo-Foucauldian work provides another important intersection between work on regulation and governance through its interest in technologies of the self in the flexibilization of workers’ subjectivity (Hetrick and Boje 1992; Opitz 2004), in the ‘state of welfare’ (Rose 1992) and in capacity building and the creation of social capital (for example, Théret 1995a, 1995c; Peck 1996, 2001).

These influences feed into parallel arguments in work on regulation and governance, for, just as the RA implies that the objects of regulation do not fully pre-exist the process of regulation (Chapter 1), governance theorists began to recognize that ‘objects of governance are only known through attempts to govern them’ (Hunt and Wickham 1994: 78). In other words, the very processes of regulation or governance constitute the objects that come to be regulated or governed in and through a form of self-referential self-organization. One implication of this is that, just as there is neither regulation in general nor general regulation, governance in general does not exist, nor does general governance. Instead, there are only particular regulation and the totality of regulation, only particular governance and the totality of governance (Marx 1973a: 99). In reality, there are only definite objects of regulation that are shaped in and through definite modes of regulation; and definite objects of governance that are shaped in and through definite modes of governance. This highlights the need to study the many and varied struggles over the constitution of such objects, the necessary failures or incompleteness of their regularization or governmentization, and cycles of regularization and governance (see below). This process of construction as well as construal has important material as well as discursive dimensions – discourse alone does not suffice to institutionalize objects of regulation or governance or to constitute subjects with knowledgeable and effective skills. But discourse does play a crucial role in establishing these objects in the imagination and orienting actions towards them and in providing the basis for new subjectivities (cf. Jenson 1990b, 1993a). Such arguments anticipate themes that we will take up again in our companion volume as part of our general argument in favour of cultural political economy (see also Jessop and Sum 2001; Jessop 2004a; and Sum and Jessop forthcoming).

We should also note in passing that the Amsterdam school has long been interested in international or global governance, a concern that has also become more important for other regulationists in an era of globalization or, at least, post-national accumulation regimes of various kinds ( Chapters 1 and 3). On the other hand, although the West German school has been interested in practice in questions of economic and political governance at the sectoral, urban, regional and national levels, its adherents largely deliberately ignored the work of governance theorists. They did so because of the apparent conservative bias in much steering theory, with its strong links to the general functionalist systems theory of Niklas Luhmann and/or its more specific emphasis on problem solving from the viewpoint of capital and/or the state (for a recent self-criticism in this regard by a leading governance theorist, see Mayntz 2001). Nonetheless, even the West German regulationists have become more explicitly interested in problems of steering and governance as they have addressed the impact of internationalization, the governance of new technologies, and the problems of environmental regulation (for example, Brand and Görg 2003; Esser et al. 1994; Hirsch 1995b, 2000; Buckel et al. 2003).
More generally, it would be quite wrong to conclude from these epistemological and methodological commonalities and parallels that the RA and governance theory have exactly the same theoretical object. They do not. So they cannot be simple substitutes or functional equivalents for each other in theoretical analyses, empirical research or practical judgements. This can be seen from the objects examined by regulation theorists and students of governance, respectively. The RA emphasizes the regularization of an otherwise improbable process of capital accumulation and examines both economic and social modes of economic regulation, that is, the articulation of economic and extra-economic mechanisms involved in the expanded reproduction of the capital relation. This opens an extremely heterogeneous field of analysis involving diverse modalities of economic and extra-economic regulation. Conversely, the theories of governance that have had most influence on the regulation approach have been concerned with a wide range of ‘social’ modes of social coordination rather than focusing on narrowly political modes of social organization linked to sovereign states. Social coordination refers here to the ways in which disparate but interdependent social agencies are coordinated and/or seek to coordinate themselves through different forms of self-organization to achieve specific common objectives in situations of complex reciprocal interdependence. Among the many techniques and mechanisms deployed here are exchange, command, networking, and solidarity. From this viewpoint, the field of governance studies is generally concerned with the resolution of (para-)political problems (that is, problems of collective goal attainment or the realization of collective purposes) in and through specific configurations of governmental (hierarchical) and extra-governmental (non-hierarchical) institutions, organizations and practices.

SOME CONTINGENT THEORETICAL AND SUBSTANTIVE DIFFERENCES

This section explores three additional theoretical and substantive differences between the regulation and governance paradigms. These are their relative internal coherence, their primary theoretical and practical concerns and their ability to deal with the relation between structure and agency.

First, the RA has attained somewhat greater theoretical coherence than theories of governance because of the greater coherence of its concern with the capital relation and because of the progressive nature of its research programme. In contrast, studies of governance in the same period remain at the pre-theoretical stage of critique because it is far clearer what previous theoretical deficits the notion of governance is intended to overcome than how it can be developed and applied. This problem is reinforced by the breadth of the associated practical concerns with institutional design, crisis management, and problem solving across such disparate fields. Thus students of governance risk falling into eclecticism by working in and against diverse paradigms in a wide range of terrains; display little agreement about what is included, what excluded, from the overall concept; and have proliferated typologies for different purposes that often have little in common (vivid examples of this can be found in Campbell et al. 1991; Grabher 1993; Kitschelt 1991; Kooiman 1993; Thompson et al. 1991; Messner 1998).

Second, despite its concern with social embeddedness, the RA has tended to focus on macroeconomic questions and/or the institutional complementarities among different structural forms that together regularize accumulation regimes. Later work has also sought, however, to understand the microfoundations of régulation. Conversely, even where its objects of governance were located in the economic sphere, much early work on governance tended to focus on political or para-political questions of collective goal attainment and/or on the organizational, interorganizational and institutional dimensions of governance practices. The principal exception has been work on the governance of international regimes and, with increased interest in European as well as global governance, macro questions have certainly become more important for the governance paradigm. They have in turn influenced RA work on the European Union as a new space for accumulation and a new site for the development of regulation (Dehove 1997; Boyer and Dehove 2002).

Third, despite its basic insights into the socially embedded, socially regularized character of economic activities, regulationist work has tended to neglect the specific subjectivities, modes of calculation and strategic action that help to reproduce the capital relation. This is reflected in the tendency to describe the structural context for social forces’ actions without actually explaining these actions. This would require in addition at least some account of the strategic capacities of actors (individual and/or collective) to respond to economic problems, the strategies that they try to pursue and the relationship between these capacities and strategies and those of other relevant actors in that context. In contrast, studies of governance have been more concerned with the coordination problems of specific subjects, agents or social forces, especially in relation to interorganizational coordination and negotiation. This is reflected in interest in transaction costs analysis, rational choice theory, game theory and other action-oriented approaches to social analysis. But the governance paradigm is less well-equipped to address the question of how different modes of governance come to be structurally coupled and coevolve to produce a relative structured coherence in particular social formations. This would require far more attention to the
insertion of specific objects and modes of governance into their broader institutional and societal contexts (for an exception, see Teubner 2002). We illustrate this sort of analysis below.

We regard these differences as largely contingent reflections of different stages in theoretical development and the differential empirical scope of the two paradigms. This view is reinforced by the convergence between regulation and governance analysts when they encounter each other on common empirical ground. For example, whether one examines a specific economic and political crisis in terms of a régulation or governance should involve more than an arbitrary perspectival choice. It also depends on the origins and nature of the crisis, its embedding in different institutional orders and macrostructural contexts, competing interpretations of the crisis by different social forces, the adequacy of the strategies and tactics selected to resolve or displace the crisis and the scope for path-shaping action in specific conjunctures. But there is certainly room for competing readings of economic crises and/or problems of governability; for competing priorities in addressing them; and for competition around the regulation of economic flows and the governance of political territory. Indeed, because the territorial scale and the overall logic of governance and regulation are often different, there could well be major tensions between these regulatory and territorial coherence.

THE MATERIAL BASES OF REGULATION AND GOVERNANCE

Linking the regulation and governance paradigms should enhance their analytic breadth and explanatory power. We will do this by showing how regulation and economic governance are discursively and materially grounded in capitalist social relations. We do not claim that this approach can exhaust the analysis of the forms of governance, for this would imply that the objects of governance are exclusively rooted in capitalist relations. Moreover, the more complex and concrete the analysis of regulation and economic governance become, the more their basic forms and mechanisms will be overdetermined by other factors and actors. Nonetheless, insofar as other social relations are embedded in a capitalist social formation, their continued reproduction will be constrained to some extent by the latter. Thus we begin with the coordination of complex reciprocal interdependence in capitalist societies and consider the factors behind market, state and governance failure in attempts to steer the capital relation or to secure the conditions for its self-steering (see Table 8.1). We then consider alternative responses to these different forms of failure and the resulting problems of metagovernance and metagovernance failure.

Market Exchange

The role of market exchange as a coordination mechanism is a defining feature of capitalism. But its scope can and does vary across different accumulation regimes and modes of regulation. It has the greatest weight in liberalism and, more recently and even more extensively, in neoliberalism. This is not limited to the coordination of economic relations narrowly understood but extends to political relations and the nature of civil society. Economically, liberalism calls for the commodification of all factors of production (including labour power and knowledge) and the extension of formally free, monetized exchange to as many spheres of social relations as possible. Politically, it implies that collective decision making should involve (1) a constitutional state with limited substantive powers of economic and social intervention; and (2) maximizing the formal freedom of contracting parties in the economy and the substantive freedom of legally recognized subjects in the public sphere. The latter sphere is based on spontaneous freedom of association of individuals to pursue any social activities that are not forbidden by constitutionally valid laws. Ideologically, liberalism claims that economic, political and social relations are best organized through the formally free choices of formally free and rational actors who seek to advance their own material or ideal interests in an institutional framework that, by accident or design, maximizes the scope for formally free choice. Conflict can occur between these economic, political and sociocultural dimensions over the relative scope of anarchic market relations, collective decision making and spontaneous self-organization as well as over the formal and substantive freedoms available to economic, legal and civil subjects. As Marx noted, however, ‘between equal rights, force decides’ (1966: 243). Thus, within the matrix of liberal principles, the relative balance of economic, political and civic liberalism depends on the changing balance of forces within an institutionalized (but changeable) compromise.

The resurgence of liberalism in the form of neoliberalism is often attributed to a successful hegemonic project voicing the interests of financial and/or transnational capital. Its recent hegemony in neoliberal regimes undoubtedly depends on the successful exercise of political, intellectual and moral leadership in elaborating a response to the crisis of Atlantic Fordism. And it is also clearly related to the increased importance of the money concept of capital. These are questions that can be fruitfully explored through cultural political economy. But the resonance of neoliberalism must also be related to the general nature of capitalist social formations. For liberalism can be
seen as a more or less ‘spontaneous philosophy’ within capitalist societies insofar as it is a seemingly natural, almost self-evident economic, political and social imaginary that corresponds to general features of a bourgeois society. It is, in particular, consistent with four such features.

**Table 8.1 Some modalities of governance**

<table>
<thead>
<tr>
<th></th>
<th>Exchange</th>
<th>Command</th>
<th>Dialogue</th>
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<tbody>
<tr>
<td><strong>Rationality</strong></td>
<td>Formal and</td>
<td>Substantive and</td>
<td>Reflexive and</td>
</tr>
<tr>
<td></td>
<td>procedural</td>
<td>goal-oriented</td>
<td>procedural</td>
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<tr>
<td><strong>Criterion of</strong></td>
<td>Efficient</td>
<td>Effective goal</td>
<td>Negotiated</td>
</tr>
<tr>
<td><strong>success</strong></td>
<td>allocation</td>
<td>attainment</td>
<td>consent</td>
</tr>
<tr>
<td><strong>Typical example</strong></td>
<td>Market</td>
<td>State</td>
<td>Network</td>
</tr>
<tr>
<td><strong>Stylized mode of</strong></td>
<td>Homo</td>
<td>Homo</td>
<td>Homo</td>
</tr>
<tr>
<td><strong>calculation</strong></td>
<td>economicus</td>
<td>hierarchicus</td>
<td>politicus</td>
</tr>
<tr>
<td><strong>Spatio-temporal</strong></td>
<td>World market,</td>
<td>National territory,</td>
<td>Rescaling and path</td>
</tr>
<tr>
<td><strong>horizons</strong></td>
<td>reversible time</td>
<td>planning horizons</td>
<td>shaping</td>
</tr>
<tr>
<td><strong>Primary criterion of</strong></td>
<td>Economic</td>
<td>Ineffectiveness</td>
<td>‘Noise’, ‘Talking shop’</td>
</tr>
<tr>
<td><strong>failure</strong></td>
<td>inefficiency</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Secondary criterion of</strong></td>
<td>Market</td>
<td>Bureaucratism,</td>
<td>??</td>
</tr>
<tr>
<td><strong>failure</strong></td>
<td>inadequacies</td>
<td>red tape</td>
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</tbody>
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*Source: Jessop (2002: 230).*

The first of these is the institution of private property – that is, the juridical fiction, which nonetheless has real effects, of autonomous private ownership and control of the factors of production. This encourages individual property owners and those who control fictitious commodities such as labour power, natural resources and, especially in the past two decades or so, intellectual property, to see themselves as entitled to use or alienate their property as they think fit without due regard to the substantive interdependence of activities in a market economy and market society. In this realm, ‘rule Freedom, Equality, Property and Bentham, because both buyer and seller of a commodity, say of labour-power, are constrained only by their own free will’ (Marx 1996: 186). Second, and relatedly, there is the appearance of ‘free choice’ in consumption, where those with sufficient money may choose what to buy and how to dispose over it. Third, the institutional separation and operational autonomies of the economy and state make the latter’s interventions appear as external intrusions into the activities of otherwise free economic agents. Initially this may be an unwelcome but necessary extra-economic condition for orderly free markets. However, if pushed beyond prevailing social definitions of this minimum nightwatchman role, it appears as an obstacle to free markets and/or as direct political oppression. And, fourth, there is the closely related institutional separation of civil society and the state. This encourages the belief that, once the conditions for social order have been established, any state intervention is an intrusion into the formally free choices of particular members of civil society.

However, opposition to liberalism may also emerge ‘spontaneously’ on the basis of four other features of capitalism. First, growing socialization of the productive forces, despite continued private ownership of the means of production, suggests the need for *ex ante* collaboration among producer groups to limit market anarchy, through top-down planning and/or self-organization. This is reinforced to the extent that competition assumes an increasingly systemic form that subordinates entire social formations to the logic of competition (cf. Messner 1998). Moreover, as such socialization becomes more global, the greater is the need for forms of global coordination. Second, there are the strategic dilemmas posed by the shared interests of producers (including wage earners) in maximizing total revenues through cooperation and by their divided and potentially conflictual interests regarding the distribution of these revenues. Non-market governance mechanisms may have a role here in helping to balance cooperation and conflict. Third, there are contradictions and conflicts posed by the mutual dependence of the institutionally separate economic and political systems. This leads to different logics of economic and political action at the same time as it generates a need to consult on the economic impact of state policies and/or the political repercussions of private economic decision making. And, fourth, there are problems generated by the nature of civil society as a sphere of particular interests opposed to the state’s supposed embodiment of universal interests. This indicates the need for some institutional means of mediating the particular and universal and, since this is impossible in the abstract, for some hegemonic definition of the ‘general interest’ (on the always imperfect, strategically selective nature of such reconciliations, see Jessop 1990b).
In short, if liberalism is a more or less ‘spontaneous philosophy’ rooted in capitalist social relations, it is also prone to ‘spontaneous combustion’ due to the tensions inherent in these same relations. This was noted in Polanyi’s (1944) critique of late nineteenth-century liberalism, which argued that, in response to crisis tendencies in laissez-faire capitalism, many social forces struggled to re-embed and reregulate the market. The eventual compromise solution was a market economy embedded in and sustained by a market society. Attempts are now being made to re-embed neoliberalism in an entrepreneurial society and culture as well as to displace or defer its contradictions elsewhere and into the future (Jessop 2002).

Networks, Negotiation and Corporatism

Another often-discussed mode of governance is networking. This can take the form of interpersonal networks, interorganizational negotiation and interinstitutional coordination. Corporatism is an important manifestation of this mode of governance in capitalist societies. This is a form of functional representation that involves an interconnected system of representation, policy formation and policy implementation based on the (socially defined) function in the division of labour of the forces involved. It first emerged in modern Europe as a reactionary and utopian politico-ideological critique of liberal capitalism with strong organicist overtones. Its second coming was linked to ‘organized capitalism’ in the late 19th and early 20th centuries. This version did not oppose capitalism as such (which was now consolidated and had begun to develop monopolistic and imperialistic tendencies), but was more concerned about the revolutionary threat represented by organized labour. A third phase saw the emergence of tripartism as an alternative to fascistic and liberal capitalism in the context of postwar Atlantic Fordist reconstruction and restructuring and its associated Keynesian welfare national states. It was revived again in some Atlantic Fordist economies in the 1960s and 1970s in the hope of moderating emerging stagflationary tendencies and/or, in a more selective form, to facilitate crisis-induced restructuring (cf. Esser 1982). A fourth variant became prominent in the 1980s and 1990s and has expanded further in the current decade. It is generally discussed in such terms as networking, public–private partnerships, strategic alliances, interorganizational collaboration, regulated self-regulation, stakeholding, productive solidarities, productivity coalitions, social pacts, learning regions, the social economy and associational democracy. Such notions serve to mystify the asymmetries of power in a capitalist social formation.

This recurrence of different forms of corporatism is rooted, like liberalism, in material features of capitalist formations. These are the same features that tend to generate limits to a purely market-based form of capitalist organiza-

Imperative Coordination and Statism

Imperative coordination characterizes many economic and political organizations. Indeed it was the existence of economic organizations (such as the firm) that prompted some economists to inquire why the invisible hand of the market was unable to secure all the conditions necessary for capital to reproduce itself (for example, classically, Coase 1937). But its importance as a form of governance is especially evident in the sovereign state, that inclusive hierarchical organization that is not itself subject to control by a superordinate organization. Although often defined by its constitutionalized monopoly of organized coercion, the state’s routine operations more often rely on legislation enacted according to the rule of law, its control over fiscal and monetary resources (linked to its monopoly of taxation grounded in its monopoly of coercion and to its control over legal tender and the central bank), a relative monopoly of organized intelligence, and powers of moral suasion rooted in the articulation of hegemonic accumulation strategies, state projects and hegemonic visions. Whilst the state’s various powers can be combined in support of centralized command or top-down planning, they can also be deployed in support of corporatist arrangements operating in the ‘shadow of hierarchy’ and/or to promote privatization, market liberalization, deregulation and so on.

The weight of imperative coordination in the overall pattern of state intervention varies across stages and varieties of capitalism. Its recurrence can be explained in part by factors such as the need to provide physical and social infrastructure that would be unprofitable for private capital and/or the rational planning of an increasingly complex technical and social division of labour in the face of market failure and corporatist stalemate;
the setting of collective economic goals in the face of economic competition and particularism; the desire to transcend the particularisms of civil society and the ‘war of each against all’. But the state’s exercise of imperative coordination is also resisted by market forces and social interests that claim that their formal economic freedom and/or rights to self-determination and concerted action are infringed by top-down state intervention. Whether this leads to a genuine rolling back of the state and/or to changes in its forms of representation and modalities of intervention will depend on the changing material, organizational and discursive balance of forces. In any event, social forces tend to appeal for state intervention as a last (if not first) resort when market failure and/or corporatist (or network) failure damages their interests and threatens their identities.

There are strange complementarities in these modes of governing the capital relation. For example, while liberalism tends to regenerate itself ‘spontaneously’ on the basis of key features of capitalist societies, its regeneration meets obstacles from some of their other key features. And, while the latter encourage the resurgence of other discourses, strategies and organizational paradigms, such as corporatism or statism, their realization tends to be fettered in turn by the very features that generate liberalism. Thus these mutually related tendencies and countertendencies generate significant variations in the weight of different kinds of coordination and modes of policy making. This said, different principles of governance seem more or less well suited to different stages of capitalism and/or its contemporary variants. Thus liberalism was probably more suited to the pioneering forms of competitive capitalism than to later forms, though Polanyi and others would note that it has clear limitations even for competitive capitalism; and it is also more suited to uncoordinated than coordinated market economies, for which statism and corporatism are better. Specific patterns of specialization and growth dynamics within different stages and forms of capitalism are also likely to be structurally coupled with different patterns of governance.

POTENTIAL SOURCES OF GOVERNANCE FAILURE

The recurrence of different modes of coordination and changes in their relative weight over time are related not only to the basic forms and contradictions of capitalism but also to the respective propensities of these different modes to fail. All modes of coordination involve structural contradictions, strategic dilemmas, social biases and eventual failures. But they fail in different ways. Regulation theorists are, of course, very familiar with market failure. This is said to occur when markets fail to allocate scarce resources efficiently in and through pursuit of monetized private interest. It is also the starting point for the development of the RA itself. State failure in turn is generally seen as a failure to secure substantive collective goals based on political divination of the public interest. It is the recurrence of market and state failure in turn that prompted the interest in networking, corporatism, partnerships and other forms of reflexive self-organization among students of governance. But it is not just the anarchy of market forces and the hierarchic rule of imperative coordination that fail; the different forms of corporatism (or heterarchic governance) are also fallible. For a commitment to continuing deliberation and negotiation does not exclude eventual failure in this mode of coordination too. The criterion for such failure nonetheless differs from that for markets or the state. There is no pre-given formal maximand or reference point to judge the success of this form of governance, as there is with monetized profits in the economy and/or the (imaginary) perfect market outcome. Nor is there a contingent substantive criterion – the realization of specific political objectives connected to the (imagined) public interest – as there is with imperative coordination by the state. Nonetheless, insofar as its main point is that goals will be modified in and through ongoing negotiation and reflection, this form of governance will fail when there is continuing disagreement about whether the shared objectives for networked cooperation are still valid for all the partners.

We now suggest four more specific factors behind the failure of governance. First, it may fail because of oversimplification of the conditions of action and/or deficient knowledge about causal connections affecting the object of governance. This is especially problematic when this object is an inherently anarchic but complex system, such as the capitalist mode of production. Indeed, this leads to the more general ‘governability’ problem, the question of whether the object of governance could ever be manageable, even with adequate knowledge (Mayntz 1993). At best one is likely to find partially successful governance of delimited objects of governance within specific spatial and temporal horizons of action – at the expense of deliberately neglected or unrecognized costs elsewhere. Second, coordination problems may occur at one or more of the interpersonal, interorganizational and intersytemic levels where heterarchy is adopted. These levels are often related in complex ways. Thus interorganizational negotiation often depends on interpersonal trust; and decentred intersytemic steering involves the representation of system logics through interorganizational and/or interpersonal communication. Third, linked to this is the problematic relationship between those engaged in communication (networking, negotiation, and so on) and those whose interests and identities are being represented. Gaps can open between these groups, leading to representational and legitimacy crises and/or to problems in securing compliance. This
is a well-known problem with corporatism, political parties and social movements. And, fourth, where several heterarchic arrangements exist to deal with interdependent issues, significant meta-coordination problems can arise owing to inconsistent definitions of the objects of governance, different spatial and temporal horizons of action, and their association with different interests and balances of force.

These generic tendencies to heterarchic failure are overdetermined by two sets of features specific to capitalist formations. The first set is inscribed in capitalism itself, which has always depended on a contradictory balance between marketized and non-marketized organizational forms. Although this balance is often understood in terms of the relative weight of market and state in securing the conditions for accumulation, heterarchy does not introduce a neutral third term but adds another site where the balance between market and non-marketized solutions can be contested. This is why the promise of symmetry in social partnership as a form of reflexive self-organization may not be realized. For there are marked structural asymmetries in the capital–labour relation and the forms of interdependence between the economic and extra-economic conditions for accumulation. And there are basic contradictions in the capital relation that persist through all its stages and varieties. Heterarchy cannot suspend these; it can only change their forms of appearance.

The second set of potential sources of governance failure concerns the contingent insertion of heterarchic arrangements into the more general state system, especially in terms of the relative primacy of different modes of coordination and access to the institutional support and material resources needed to pursue reflexively-arrived-at governance objectives. There are three problems here. First, there are problems about the interscalar articulation of hierarchy and heterarchic arrangements insofar as the basic form of the state is the territorialization of political power and heterarchic arrangements can cross-cut different scales of government and their associated territorial boundaries. Second, there are major problems in the intertemporal articulation of hierarchy and heterarchy. One function of contemporary forms of governance (as of corporatist arrangements and quangos beforehand) is to enable decisions with long-term implications to be divorced from short-term political (especially electoral) calculations. But disjunctions may still arise between the temporalities of different hierarchical and heterarchic mechanisms. Third, although various coordination mechanisms may acquire specific technoeconomic, political and/or ideological functions, the state typically monitors their effects on its own capacity to secure social cohesion in (class-)divided societies. It reserves to itself the right to open, close, juggle and re-articulate governance arrangements not only in terms of particular functions but also from the viewpoint of partisan and overall political advantage. In short, all forms of coordination are exercised under the primacy of the political.

RESPONSES TO COORDINATION FAILURE

We can distinguish at least two levels of coordination failure – the failure of particular attempts at coordination using a particular coordination mechanism and the more general failure of one or other mode of coordination. Failure is a routine feature of everyday life and markets, states and networks all fail regularly. Nonetheless, the multiplicity of satisficing criteria and the range and variety of actors with potential vested interests in one or another outcome mean that at least some aims will be realized to a socially acceptable degree for at least some of those affected. Unsurprisingly, actors will also reflect on their failures, adjust their projects and consider whether individual modes of coordination should be modified and/or a new balance should be struck between them. This can be discussed in terms of ‘metagovernance’, that is, the organization of the conditions for coordination. We can distinguish three basic modes of metagovernance and one umbrella mode.

First, ‘meta-exchange’ involves the reflexive redesign of individual markets (for example, for land, labour, money, commodities, knowledge – or parts or subdivisions thereof) and/or the reflexive reordering of relations among two or more markets by modifying their operation and articulation. This is an important part of the transformation of accumulation regimes and modes of regulation. Where ‘meta-exchange’ succeeds, crises in accumulation regimes and modes of regulation may be resolved. Market agents often resort to market redesign in response to failure and/or hire the services of those who claim some expertise in this field. Among the latter are management gurus, management consultants, human relations experts, corporate lawyers and accountants. More generally, there has long been interest in issues of the institutional redesign of the market mechanism, the nesting of markets, their embedding in non-market mechanisms and the conditions for the maximum formal rationality of market forces. There are also ‘markets in markets’. This can lead to ‘regime shopping’, competitive ‘races to the bottom’ or, in certain conditions, ‘races to the top’. Moreover, because markets function in the shadow of hierarchy and/or self-organization, non-market agents may try to modify markets, their institutional supports and their agents to improve their efficiency and/or compensate for market failures and inadequacies.

Second, ‘meta-organization’ involves the reflexive redesign of organizations, the creation of intermediating organizations, the reordering of interorganizational relations and the management of organizational ecologies
Bringing governance into capitalist regulation

(That is, the organization of the conditions of organizational evolution in conditions where many organizations coexist, compete, cooperate and coevolve.) Reflexive managers in the private, public and third sectors may undertake such meta-organizational functions themselves (for example, through ‘macromanagement’ and organizational innovation) and/or turn to alleged experts such as constitutional lawyers, public choice economists, theorists of public administration, think tanks, advocates of reflexive planning, specialists in policy evaluation, and so on. This is reflected in the continuing redesign, rescaling and adaptation of the state apparatus, sometimes more ruptural, sometimes more continuous, and the manner in which it is embedded within the wider political system.

Third, ‘meta-heterarchy’ involves the organization of the conditions of self-organization by redefining the framework for reflexive self-organization. This can range from providing opportunities for ‘spontaneous sociability’ (Fukuyama 1995) through various measures to promote improved forms of interpersonal networking and interorganizational negotiation to institutional innovations to promote more effective intersystemic communication.

Fourth, ‘metagovernance’ re-articulates and ‘collibrates’ (modifies the balance) among different modes of governance by managing the complexity, plurality, and tangled hierarchies found in prevailing modes of coordination (on collibration, see Dunsire 1996). It involves the judicious mixing of market, hierarchy and networks to achieve the best possible outcomes from the viewpoint of those engaged in metagovernance. In deciding this, they often refer to the structurally inscribed strategic selectivity of different modes of coordination, that is, their asymmetrical privileging of some outcomes over others. Since every practice is prone to failure, however, metagovernance and collibration are also likely to fail. There is no Archimedean point that ensures the success of governance or collibration.

Governments play a major and increasing role in all aspects of metagovernance: they get involved in redesigning markets, in constitutional change and the juridical reregulation of organizational forms and objectives, in organizing the conditions for self-organization, and, most importantly, in collibration. They provide the ground rules for governance and the regulatory order in and through which governance partners can pursue their aims; ensure the compatibility or coherence of different governance mechanisms and regimes; act as the primary organizer of the dialogue among policy communities; deploy a relative monopoly of organizational intelligence and information with which to shape cognitive expectations; serve as a ‘court of appeal’ for disputes arising within and over governance; seek to rebalance power differentials by strengthening weaker forces or systems in the interests of system integration and/or social cohesion; try to modify the self-understanding of identities, strategic capacities and interests of individual and collective actors in different strategic contexts and hence alter their implications for preferred strategies and tactics; and also assume political responsibility in the event of governance failure. This is reflected in recurrent policy cycles in the state’s preferred modes of coordination as the difficulties of each become more evident in turn and the state turns to another (Offe 1975a, 1975b). The increased importance of metagovernance means that networking, negotiation, noise reduction and negative as well as positive coordination occur ‘in the shadow of hierarchy’ (Scharpf 1994: 40). It also suggests the need for almost permanent institutional and organizational innovation to maintain the very possibility (however remote) of sustained economic growth, effective social policies and other forms of political effectiveness.

Metagovernance does not eliminate other modes of coordination. Markets, hierarchies and heterarchies still exist, but they operate in a context of ‘negotiated decision making’. On the one hand, market competition will be balanced by cooperation, the invisible hand will be combined with a visible handshake. On the other hand, the state is no longer the sovereign authority. It becomes just one participant among others in the pluralistic guidance system and contributes its own distinctive resources to the negotiation process. As the range of networks, partnerships and other models of economic and political governance expands, official apparatuses remain at best first among equals. For, although public money and law would still be important in underpinning the operation of such networks, partnerships and analogous governance arrangements, other resources (such as private money, knowledge or expertise) would also be critical to their success. The state’s involvement would become less hierarchical, less centralized and less directive in character. The exchange of information and moral suasion become key sources of legitimation and the state’s influence depends as much on its role as a prime source and mediator of collective intelligence as on its command over economic resources or legitimate coercion (Willke 1992, 1997).

RESPONSES TO METAGOVERNANCE FAILURE

Resort to metagovernance does not guarantee success. It is certainly not a purely technical matter that can be settled by experts in organizational design or public administration. For all the technical activities of the state are conducted under the primacy of the political, that is, the state’s concern with managing the tension between economic and political advantages and its ultimate responsibility for social cohesion. This fact plagues the liberal prescription of an arm’s-length relationship between the market and the
nightwatchman state, since states (or, at least, state managers) are rarely strong enough to resist pressures to intervene when political advantage is at stake and/or it needs to respond to social unrest. More generally, we can safely assume that, if every mode of governance fails, then so will metagovernance! This is especially likely where the objects of governance and metagovernance are complicated and interconnected.

Overall, we are led to three conclusions, intellectual, practical and philosophical respectively. For, once the inevitable incompleteness of attempts at coordination (whether through the market, the state or heterarchy) is accepted, commitment to social transformation requires adopting a satisficing approach based on three interrelated principles:

- a reflexive orientation about what would be an acceptable outcome in the case of incomplete success, comparing the effects of failure/inadequacies in the market, government and governance, and reassessing regularly the extent to which current actions are producing desired outcomes;
- deliberate cultivation of a flexible repertoire of responses so that strategies and tactics can be combined in order to reduce the likelihood of failure and to change their respective weights in the face of failure and turbulence in the policy environment;
- a romantic public ‘irony’ such that participants in governance must recognize the likelihood of failure but proceed as if success were possible. The need for irony holds not only for individual attempts at governance using individual governance mechanisms but also for the practice of metagovernance using appropriate metagovernance mechanisms.

Reflexivity involves inquiring into the material, social and discursive construction of possible objects of governance and reflecting on why this rather than another object of governance has become dominant, hegemonic or naturalized. It requires thinking critically about the strategically selective implications of adopting one or another definition of a specific object of governance and its properties, a fortiori, of the choice of modes of governance, participants in the governance process and so forth. It also requires monitoring mechanisms to check for problems (including the unexpected), modulating the coordination mix, and reflexive, negotiated re-evaluation of objectives. A further step in strategic self-reflection occurs when actors deliberately build their capacity to switch among different modes of governance. And it requires learning about how to learn reflexively.

The second principle involves practical recognition of the ‘law of requisite variety’. To minimize risks of (meta-)governance failure in a turbulent environment, a repertoire of responses is needed if actors are to retain the ability flexibly to alter strategies and select those that are more successful.

This may well seem inefficient from an economizing viewpoint because it introduces slack or waste into organizations and movements. But it also provides major sources of flexibility in the face of failure (Grabher 1994). For, if every mode of economic and political coordination is failure-prone, if not failure-laden, relative success over time depends on the capacity to switch modes of coordination as the limits of any one mode become evident. This provides one way to displace or defer failures and crises in response to internal and/or external turbulence. It also suggests that the ideologically motivated destruction of alternative modes of coordination could prove counterproductive: they may need to be reinvented in one or another form. This is one lesson from the growing disillusion with neoliberalism. In addition, since different conjunctures and periods require different kinds of policy mix, the balance within the repertoire will need to be varied. Since there are no simple governance solutions, appropriate complex solutions must combine different scales and different temporal horizons, and orient them to ‘fit’ the nature of the object to be governed.

Third, an approach based on irony rather than stoicism, fatalism or cynicism is needed. The stoic acts from duty. The fatalist and cynic agree that failure is likely but the one believes there is no point in trying to achieve anything, the other seeks exit before failure becomes apparent, leaving others to bear its costs. In contrast, the ironist acts in ‘good faith’ and is prepared to admit to failure and bear its costs. Recognizing the incompleteness of attempts at governance (whether through the market, the state or networking), the ironist makes a reasoned decision in favour of a given form of failure and adopts a satisficing approach. Moreover, in line with the law of requisite variety, ironists must be prepared to change modes and mixes of governance.

NOTES
1. The roots are the classical Latin regulatio and mediaeval Latin gubernantia; their etymologies refer to rule making, and steering, piloting or guidance respectively.
2. This is very clear in the work of Waltz (1979), whose analogue for the international system is a market in which balances of power automatically equilibrate relations among functionally equivalent units.
3. ‘Police’, ‘policy’ or Polizei concern the governance of conduct in ways that will enable those in charge of ‘affairs of state’ to produce an orderly ‘state of affairs’ in a given state’s territory. This is an issue much debated in early doctrines of statecraft and discussed more recently in Foucault’s work on governmentality.
5. Cited by Gilly and Pecqueur (2002: 198). 6. Delorme cites the work of Prigogine, Morin and Lerontowicz in this context. 7. For example, Campbell et al. note that ‘sectors are socially constructed through self-organization and/or through public policy so they can be effectively administered’ (1991: 9).
9. Rescaling regulation and governance in a global age

This chapter explores the implications of globalization for the RA and develops a regulationist account of globalization. It has four main concerns: (1) contesting the often unstated assumption that globalization comprises a coherent causal mechanism – or set of causal mechanisms – rather than a complex, chaotic and overdetermined outcome of a multiscalar, multitemporal and multicentric series of processes operating in specific structural contexts; (2) questioning the intellectual and practical search for the primary scale, whether global, triadic, national, regional or urban, around which the world economy is currently organized as if this would somehow be directly analogous to the primacy of ... scales might be reconciled, if at all, in a coherent mode of global regulation for the current stage of the world market.

GLOBALIZATION: A ‘CHAOTIC CONCEPT’

Aglietta has described ‘globalization’ as a catch-all concept (2000a: 413). One could go much further and describe it as a polyvalent, promiscuous, controversial word that often obscures more than it reveals about recent economic, political, social and cultural changes. For example, in a recent survey of definitions of economic globalization alone, Boyer identifies five main spaces or sites on which globalization can occur (ranging from the firm through the sector, the nation and supranational zones to the world as a whole) and six levels of international integration (market, production, finance, R&D, personnel and management). On this basis he offers 14 definitions of globalization ranging from a firm selling the same product everywhere to the functioning of the global economy as a totally integrated whole (2000b: 295). Each of these forms and degrees of globalization would have different implications for a regulationist account of accumulation on a world scale. For these reasons globalization is generally better interpreted as the complex resultant of many different processes than as a distinctive causal process in its own right. It is misleading to explain specific events and phenomena in terms of the process of ‘globalization’, pointless to subsume anything or everything under the umbrella of ‘globalization’ and unhelpful to seek to link anything and everything to ‘globalization’ as if this somehow conveys more insight than alternative rubrics could. Indeed many phenomena subsumed under this rubric would be more adequately and clearly analysed in terms of other notions, such as internationalization or liberalization (cf. Scholte 1997), or in terms of processes located primarily on other scales, such as regionalization, continentalization, glocalization or cross-borderization (cf. Gerbier 1995, 1998; Jessop 2000a; Perkmann and Sum 2002; and the discussion below on the political economy of scale). To introduce some order into this chaos requires careful conceptual analysis as well as concern with real causal mechanisms and how they are actualized in given circumstances.

Before offering a solution, we address two other approaches. The first cites statistics allegedly showing that the current level of globalization (or internationalization) is similar to that of 1913 (or thereabouts) and/or that no economic trends over the last two decades justify claims about a major break in capitalist development. The second argues that, even today, few, if any, genuinely global companies exist. Even large firms usually have a clearly defined national home base, especially for core activities; and, when they are active abroad, firms (especially smaller transnational firms) operate mostly in one triad region. Such data are said to indicate, at best, a further step in the internationalization of firms’ activities, rather than a shift to a qualitatively different stage that could justifiably be termed ‘globalization’.

Whilst these approaches certainly help to demystify ‘globalization’, some problems still remain in such comparisons between 1913 and the 1990s. These problems can be presented in terms of the overall significance of the capital relation and the nature of the five structural forms of the mode of regulation in these two periods. Regarding the capital relation, because many more activities in the global economy have been commodified and integrated into the circuits of capital since 1913, similar formal statistics probably involve quite different proportions of the formal and informal economies
combined. In particular, the major role of agriculture in production and global trade weakened international multiplier effects compared with the postwar period (Vidal 2002: 111).

1. Regarding the wage relation, we can note that (1) because international labour mobility before 1913 was greater than today, there was less asymmetry between ‘immobile’ labour power and ‘mobile’ capital (Rodrik 1997: 35); and (2) because pre-1913 states did not provide universal social welfare and collective consumption, there was little pressure on the ‘social wage’ qua international cost of production.

2. Regarding money and credit, the pre-1913 period was marked by the dominance of the gold standard rather than a dollar-exchange standard or a free float. In addition, the main forms of internationalization in trade, finance, indirect and direct investment, services and R&D have been changing as has the relative weight of these different domains in overall global flows (Rodrik 1997; Aglietta 1988b; Zysman et al. 1997).

3. Regarding the enterprise form and competition, we should note that the impact of increasing internationalization for firms and states depends on whether it occurs during upswing phases in hegemonic cycles, associated with increased openness, or downswing phases (when protectionism gains support) and on whether it is associated with economic expansion or contraction in specific economic or political spaces within the world economy – the period up to 1913 saw economic expansion under English hegemony, the 1980s and early 1990s have seen mixed fortunes during a period of crisis in US hegemony (Altvater and Mahnkopf 1996: 27).

4. Next, taking the state and international regimes together, in addition to the previously noted absence of welfare states, the dynastic empires in Europe before 1913 and the European colonial empires overseas up to and beyond 1945 are quite different forms of plurinational space from today’s triadic and cross-border regions (Aglietta 1988a: 387–8). In addition, the rise of East Asian trading economies and, even more, their increasing intraregional integration, mean that capitalism has become more multicentric compared to 1913.

Finally, whatever regulation theorists, other social scientists or economic historians might say about the comparison, contemporary economic and political actors do not generally compare the 1990s with 1913 but with periods they have actually experienced. Thus the level of internationalization is novel insofar as it feels novel and, at least as compared to the heyday of Atlantic Fordism, they are not wholly mistaken.

Regarding the more ideal–typical comparisons of full globalization and the more limited nature of internationalization, one must distinguish firms’ actually existing place-boundedness from the possible extension of their spatial and temporal horizons of action. Firms may well be rooted largely in one place for material production and social reproduction but still take account of far broader ‘market conditions’. The rhythm of many economic activities has also accelerated so that, to be competitive, firms must often react over far shorter time horizons. In some cases, the faster a firm’s reactions, the more rooted it might become (see below). Similarly, the capacity of finance houses to operate globally often depends heavily on some core activities being rooted locally (Sassen 1996; Storper 1997).

These arguments already move us some way from mystificatory or confused analyses of globalization. The following comments are meant as another step, for, if adequately respecified, trends towards globalization can certainly help situate and interpret current changes in the spatial scale of economic (and other) institutions, organizations and strategies. Nonetheless, while outlining a general framework to study globalization, our focus below is on tendencies towards economic globalization. This said, we argue that the concept of globalization is best used to denote a multicentric, multiscalar, multitemporal, multiform and multicausal process.

First, it is multicentric because it emerges from activities in many places rather than from a single centre. It cannot be reduced to Americanization, as some critics of American imperialism suggest, but emanates from many sites around the globe. Moreover, even if one were to insist against the evidence that it was primarily an American-initiated phenomenon, it would still be necessary to recognize the plurality of globalization processes and effects, depending on whether one looked at American influences emanating from New York as a financial centre, Washington as an imperial city, Atlanta as a global news factory, Hollywood as an entertainment capital, Silicon Valley as the centre of informational capitalism, and so on. The same point would apply, of course, to the alleged centrality of other national formations. This argument is similar to that of the grenoblois approach, with its initial assumption of several plurinational productive systems, each with its own centre–periphery dynamic, and its suggestion that one of these plurinational productive systems tends to dominate the others when it has a clear technological, productive, commercial and financial superiority (for example, Byé and de Bernis 1987).
Second, globalization is multiscalar because it emerges from actions on many scales – which can no longer be seen as nested in a neat hierarchy but as coexisting and interpenetrating in a tangled and confused manner – and it develops and deepens the scalar as well as the spatial division of labour. This excludes any simple opposition between the global and the national or the global and the local. Indeed, in some ways, the global is little more than ‘a hugely extended network of localities’ (Czarniawska and Sevón 1996: 22). More generally, what could be described from one vantage point as globalization might be redescribed (and, perhaps, more accurately) in rather different terms from one or more alternative scalar viewpoints: for example, as internationalization, triadization, regional bloc formation, global city network building, cross-border region formation, international localization, glocalization, glurbanization or transnationalization. For, regardless of their own distinctive dynamics, if any, each of these scalar processes is also linked more or less closely into the overall dynamic of globalization. This has rightly led one regulationist, Jean-François Vidal, to comment on the ‘difficulty of analyzing international régulation [insofar as] it must always define several levels (region, nation or world) acting simultaneously’ (2002: 114).

Third, the latter dynamic is multitemporal because it involves an ever more complex restructuring and re-articulation of temporaliess and time horizons. This aspect is captured in the notions of time–space distantiation and time–space compression. The former involves the stretching of social relations over time and space so that relations can be controlled or coordinated over longer periods of time (including the ever more distant future) and longer distances, greater areas or more scales of activity. The ultimate spatial horizon of time–space distantiation is, of course, total control over social relations on a fully integrated global scale into the foreseeable future. There are good reasons, however, to regard this ultimate horizon as implausible. The latter involves the intensification of ‘discrete’ events in real time and/or the increased velocity of material and immaterial flows over a given distance. This is also a significant (and also incompletely developed) aspect of globalization and, indeed, it is time–space compression more than time–space distantiation that is more distinctive of the most recent wave of globalization. If we examine the interaction between these two processes, it becomes evident that much of the fascination with globalization is rooted in the increased significance of social forces and processes that combine capacities for time–space distantiation and compression. The most obvious (in the sense of most cited) case is hypermobile financial capital that can circulate globally in real time and this is reflected in much recent regulationist work on the ‘financialization’ of the capitalist economy and its associated systemic risks (for example, Aglietta 1995, 2001, 2002; Aglietta et al. 1990; Boyer 2000a, 2000b; Guttman 2002; see also Grah 2000). But focusing on such cases ignores the significance of other forces and processes that are located elsewhere in the two-dimensional property space that can be derived from using degrees of time–space distantiation and time–space compression as its respective horizontal and vertical axes.

Fourth, globalization is multiform. It assumes different forms in different contexts and can be realized through different strategies, neoliberal globalization with its emphasis on the integration of the world market along neoliberal lines being but one of these general forms and even this having several significant variants. Once one allows for other forms of technological and economic globalization and other sites and processes of globalization across different functional systems and the lifeworld (or civil society), then the multiformity of globalization appears even more strongly. This point also emerges clearly from regulationist analyses of the tension between the profit-oriented, market-mediated pressures towards convergence in an increasingly integrated global economy and the path-dependent survival of several distinct varieties of capitalism, each of which has its own distinctive institutional complementarities and may also be linked to specific political contexts and compromises (cf. Boyer 1996b, 2000b, 2004b, Amable 2001, 2003). This is an important source of multiformity.

Finally, globalization is clearly multicausal because it results from the complex, contingent interaction of many different causal processes. Far from being a unitary causal mechanism, globalization should be understood as the complex, emergent product of many different forces operating on many scales. Or, as Aglietta puts it: ‘Globalization is a multiplicity of distinct but interconnected processes. Occurring at different speeds, in different sequences and in different places with varying degrees of intensity, these processes are far from coherent’ (2000a: 415). Hence nothing can be explained in terms of the causal powers of globalization, let alone powers that are inevitable, irreversible and actualized on an intangible stage behind our backs or on some intangible plane above our heads. Instead globalization themselves need explaining in all their manifold spatiotemporal complexity. This does not exclude specific hypotheses about the impact of clearly specifiable processes on particular sets of social relations. Thus one might investigate the extent to which the increasing hypermobility of financial capital affects the capacities of national states to set real interest rates to secure full employment levels of demand. But one could not meaningfully investigate the wild claim that ‘globalization undermines the power of the state’. This highlights the more general point about the multicentric, multiscalar, multitemporal and multiform nature of globalization. Moreover, once we understand how globalizing processes are generated and how they...
operate, we can better intervene in their production and better resist some of their effects.

Given these arguments, we can still usefully reflect on globalization from regulation- and state-theoretical perspectives. But we must define globalization with all due caution and in ways that allow for the above-mentioned complexities. Thus we would propose here that globalization has both structural and strategic moments.

Structurally, globalization exists insofar as covariation of relevant activities becomes more global in extent and/or that covariation speeds up on a global scale. It involves the objective processes whereby increasing global interdependence is created among actions, organizations and institutions within (but not necessarily across) different functional systems (economy, law, politics, education, science, sport, and so on) and the lifeworld that lies beyond them. These processes occur on various spatial scales, operate differently in each functional subsystem, involve complex and tangled causal hierarchies rather than a simple, unilinear, bottom-up or top-down movement, and often display an eccentric ‘nesting’ of different scales of social organization. They also develop unevenly in space–time. As an emergent property deriving from these diverse processes, however, and as one reacting back on their subsequent development, globalization is both a structural and a structuring phenomenon. Conversely, insofar as global co-variation is weakened (perhaps owing to the emergence – or resurgence – of coherent regions with their own relatively autonomous accumulation regimes) and/or its speed slackens (perhaps because of structural contradictions or forms of resistance which brake or reverse the effects of global integration), one could talk about countertendencies to globalization.

Strategically, globalization refers to actors’ attempts to promote global coordination of activities on a continuing basis within (but not necessarily across) different institutional orders or functional systems. This does not require that the actors involved be physically present at all points on the planet; it only requires them to monitor relevant activities, communicate about these, and try to coordinate their activities with others to produce global effects. Coordination efforts along these lines range from generalized meta-steering (constitutional or institutional design) intended to produce a more or less comprehensive global order through creation of international regimes to particularistic pursuit of specific economic–corporate interests within such (meta-)frameworks. Such attempts can be pursued through different material and social technologies on the interpersonal, interorganizational, interinstitutional or intersystemic levels. Examples could include interpersonal networking (for example, the Chinese diaspora); strategic alliances orchestrated by transnational enterprises (alliances which may include more local or regionally-based firms as well as not-for-profit organizations); the institutional design of ‘international regimes’ to govern particular fields of action; and projects for world government or global governance. The forms of coordination proposed for globalization vary widely and none is guaranteed to succeed – witness the market-led globalization favoured by the World Bank, the horizontal ‘global governance’ favoured by proponents (especially NGOs) of international regimes, and plans for more top-down interstatal (or even world) government. Not all actors are (or could hope to be) major global players but many more have to monitor the global as a horizon of action, the implications of changing scalar divisions and the impact of time–space distanciation and compression on their identities, interests and strategies. The overall course of globalization will be the largely unintended, relatively chaotic outcome of interaction among various strategies to shape or resist globalization in a complex, path-dependent world society. It follows that any account of globalization is likely to be partial and incomplete, exaggerating some features, missing others, and risking neglect of events and processes on other scales.

This approach clearly implies that globalization develops unevenly across space and time. Indeed it can be said to involve both ‘time–space distanciation’ and ‘time–space compression’. Time–space distanciation stretches social relations over time and space so that they can be controlled or coordinated over longer periods of time (including into the ever more distant future) and over longer distances, greater areas or more scales of activity. In this regard, then, globalization results from increasing spatial distanciation reflected in the growing spatial reach of divisions of labour in different fields and is enabled by new material and social technologies of transportation, communication, command, control and intelligence. Conversely, time–space compression involves the intensification of ‘discrete’ events in real time and/or increased velocity of material and immaterial flows over a given distance. This is linked to changing material and social technologies enabling more precise control over ever-shorter periods of action as well as ‘the conquest of space by time’. Differential abilities to stretch and/or compress time and space help to shape power and resistance in the emerging global order. Thus the power of hypermobile forms of finance capital depends on their unique capacity to compress their own decision-making time (for example, through split-second computerized trading) while continuing to extend and consolidate their global reach. The proposed ‘Tobin tax’ on short-term financial transactions might be one way to reduce this power by encouraging hypermobile financial capital to adopt longer-term horizons of action. This might also encourage greater consonance between financial and productive capital flows. This brings us to the strategic dimension of globalization.
Thus viewed, what is generally labelled nowadays as ‘economic globalization’ rarely, if ever, involves full structural integration and strategic coordination across the globe. Processes included under this rubric actually include the following:

1. Internationalization of national economic spaces through growing penetration (inward flows) and extraversion (outward flows).
2. Formation of regional economic blocs embracing several national economies – including, most notably, the formation of various formally organized blocs in the triadic regions of North America, Europe, and East Asia – and the development of formal links between these blocs, notably through the Asia-Pacific Economic Cooperation forum, the New Transatlantic Agenda and the Asia–Europe Meetings.
3. Growth of more ‘local internationalization’ or ‘virtual regions’ through the development of economic ties between contiguous or non-contiguous local and regional authorities in different national economies – ties which often bypass the level of the national state but may also be sponsored by the latter.
4. Extension and deepening of multinationalization as multinational companies and transnational banks move from limited economic activities abroad to more comprehensive and worldwide strategies, sometimes extending to ‘global localization’ whereby firms pursue a global strategy based on exploiting and/or adjusting to local differences.
5. Widening and deepening of international regimes covering economic and economically relevant issues.
6. Emergence of globalization proper through the introduction and acceptance of global norms and standards, the development of globally integrated markets together with globally oriented strategies, and ‘deracinated’ firms with no evident national operational base.

In each case these processes could be said to promote the structural integration and/or strategic coordination of the economy on a global scale. But their dispersed, fragmented, highly mediated and partial dynamic means that they are far from producing a homogenized, evenly developing world economy. On the contrary, the various processes involved in globalization actually reorder – across economic spaces on different spatial scales – place-based differences and complementarities as the basis for dynamic competitive advantages.

Globalization is part of a proliferation of scales and temporalities as narrated, institutionalized objects of action, regularization and governance. The number of scales and temporalities of action that can be distinguished is immense but far fewer ever get explicitly institutionalized. How far this happens depends on the prevailing technologies of power (material, social and spatiotemporal) that enable the identification and institutionalization of specific scales of action and temporalities. It is the development of new logistical means (of distanciation, compression and communication), organizational technologies, institutions with new spatiotemporal horizons of action, broader institutional architectures, new global standards (including world time) and modes of governance that helps to explain this growing proliferation of economically and politically significant institutionalized scales and temporalities. Moreover, as new scales and temporalities emerge and/or existing ones gain in institutional thickness, social forces also tend to develop new mechanisms to link or coordinate them. This in turn often prompts efforts to coordinate these new coordination mechanisms. Thus, as the triad regions begin to acquire institutional form and identity, new forums develop to coordinate their bilateral relations. Likewise, as regionalism develops in the European Union, we find not only the EU-wide Committee of the Regions but also a proliferation of other peak associations and multilateral linkages among regions. Even further down the scale, local authorities develop associations to promote their interests at national, regional, international and global levels. All of this produces increasing scalar complexity, increasing scope for deliberate interscalar articulation and increasing problems in making such interscalar articulation work. Similar issues occur in relation to time and its governance. This can be seen in the rise of nanotemporalities at the micro level and long-term action to ensure environmental sustainability at the macro level. And this leads in turn to growing problems of intertemporal governance.

In this context we conclude that globalization is better interpreted as the most inclusive structural context in which processes on other economic scales can be identified and interrelated and/or as the broadest horizon of action to which accumulation strategies and economic projects can be directed. Interpreted as structural context, globalization should be seen as an emergent, evolutionary phenomenon resulting from economic processes on many scales rather than as a distinctive causal mechanism in its own right. Thus its nature depends critically on subglobal processes. This is seen in the continuing (if often transformed) significance of the local, urban, cross-border, national and macroregional as substantive sites of real economic activities. And it is also seen in new place-based competitive strategies to articulate other scales with the global to maximize relatively local advantages, strategies such as glocalization, ‘glurbanization’, or international localization. Smaller scales are also key sites of countertendencies and resistance to globalization. Likewise, regarded as a horizon of action, globalization means thinking globally, even if acting locally, on an urban scale, regionally or triadically. For one need not be omnipresent to insert oneself favourably into the global
division of labour. Nonetheless one must increasingly reflect strategically on the spatial and scalar implications of global processes. This is why such convinced globalizers as Porter (1990) or Ohmae (1995) stress the need to promote the competitive advantage of nations or regions, respectively, in order to maximize the benefits of globalization. Nonetheless, while globalizing trends certainly exist in these structural and strategic senses, they will not – indeed, cannot – culminate in a fully global world. This is due to the illogic(s) of globalization (its internal contradictions), to various external structural limits to globalization (including its relation to other scales of action) and to various forms of resistance. Before considering these limits, however, let us first address some aspects of the relation between globalization and the ‘relativization of scale’.

THE RELATIVIZATION OF SCALE

In the ‘30 glorious years’ of postwar economic expansion, the dominant scale of organization in growing capitalist economies was the national. Thus national economies were the taken-for-granted objects of economic management in Atlantic Fordism, the ‘trading nations’ of East Asia and Latin American import-substitution strategies. This taken-for-grantedness actually depended on quite specific material and ideological foundations that could not themselves be taken for granted. Thus the ‘naturalization’ of the structural congruence (or spatiotemporal coincidence) of national economies, national states and national societies was grounded in postwar reconstruction in Europe, in the national security state in East Asia and in critiques of dependency in Latin America; and, in each case, the national framework was also supported by various (typically asymmetrical) international regimes and alliances which had to be put in place. Continued reproduction of these different forms of structured complementarity depended in turn on the discovery of forms of economic management, regularization and governance which could provide a ‘spatiotemporal’ fix within which capital’s contradictions and dilemmas might be partially resolved. Nonetheless, because the contradictory dynamic of accumulation and its resulting struggles always escape attempts to fix them within any given spatiotemporally anchored institutional framework, any and all such solutions are bound to be unstable and provisional. This is particularly evident in the case of the national scale that predominated in the organization of postwar economic expansion. For this has since been undermined in many different ways, including the various multicentric, multiscalar, multitemporal and multiform processes of ‘globalization’.

In response to these changes, views of ‘naturalness’ seem to have bifurcated from the ‘national’ towards the global economy and different types of subnational economy. This is clear in the discovery of the ‘always-already-there’ local, urban and regional economies as well as new discourses about the emerging significance of the ‘global’ as the ‘natural’ scale of economic organization. Arguments about ‘triads’ are also sometimes presented as if they are a ‘natural’ development and extension of the regional scale. In this context, then, we are witnessing a proliferation of spatial scales (whether terrestrial, territorial or telematic), their relative dissociation in complex tangled hierarchies (rather than a simple nesting of scales) and an increasingly convoluted mix of interscalar strategies as various economic and political forces seek the most favourable conditions for their insertion into the changing international order. At least in comparison with the boom years of Atlantic Fordism, this phenomenon can usefully be described as the ‘relativization of scale’. For, although the national scale has lost the taken-for-granted primacy it held in the economic and political organization of Atlantic Fordism, no other scale of economic and political organization (whether the ‘global’ or the ‘local’, the ‘urban’ or the ‘triadic’) has acquired a similar primacy in the current ‘after-Fordist’ period. There is no new privileged scale around which other levels are now being organized to ensure structured coherence within and across scales. Instead we find growing unstructured complexity as different scales of economic organization are consolidated structurally and/or approached strategically as so many competing objects of economic management, regularization or governance. This is also seen in the former heartlands of Atlantic Fordism, its semi-peripheries in Southern Europe, and the more peripheral regions that became its production platforms. Leading East Asian economies now also emphasize the role of technopoles, megalopolises, growth triangles or polygons, and other scales of action alongside national plans or, in Hong Kong’s case, the apparent simplicities of ‘positive non-intervention’ in a semi-sovereign city-state. There are also regionalization trends in Latin America as well as moves towards hemispheric integration.

Some theorists explain newly emerging regions as based on ‘natural economic territories’ (NETs) which have been allowed to re-emerge or develop with the decline of the national state as an economic as well as political ‘power container’. It is certainly remarkable how older, cross-border trading blocs re-emerged after the Cold War. One might also interpret the rise of ‘Greater China’ or attempts to build a ‘Greater Shanghai’ in this context. But ‘natural economic territories’ are discursively ‘naturalized’ as well as being economically and politically constructed. Whether any given space is seen as natural or not depends, for example, on views about the
dominant modes of economic competition and the factors which promote structural competitiveness. A Ricardian interpretation (based on factor-driven growth in open economies) would lead one to identify different NETs and economic strategies from those implied in a ‘Listian’ account (based on protectionist ‘catch-up’ investment dynamics promoted by a national state concerned with its economic and politico-military security). Likewise, a Keynesian interpretation (based on securing the interdependent conditions for mass production economies of scale and mass consumption) would imply different NETs and economic strategies from a Schumpeterian account (based on securing the conditions for systemic competitiveness and permanent innovation).

This affects how one analyses the re-articulation of different spatial scales. There is no pre-given set of places, spaces or scales that are merely being re-ordered. Instead, new places are emerging, new spaces are being created, new scales of organization are being developed and new horizons of action are being imagined – all in the light of new forms of (understanding) competition. This situation is complicated by the eccentricity or ‘debordering’ of spatial scales relative to the early and boom years of Atlantic Fordism.7 Thus larger territorial units have come to contain a decreasing proportion of the activities of smaller units in their borders so that the latter can no longer be seen as ‘nested’ within the former in the manner of so many Russian dolls. This is particularly clear in the emerging network of global cities, qua network, is not contained within any given national territory. Another example is the growth of cross-border regions. In short, past scalar fixes, as well as past spatial fixes, are becoming unstable.

The present ‘relativization of scale’ clearly involves very different opportunities and threats for economic, political and social forces compared to the period when the national scale could be taken for granted as primary. It is associated with actions both to exploit and to resist the processes producing globalization. Thus economic actors may engage in strategic alliances to extend their global reach or seek protection from global competition behind various protective barriers. Likewise, as these complex and contradictory processes unfold, states on various levels tackle the domestic repercussions of global restructuring through their involvement in identifying and managing the many different processes contributing to what currently passes as ‘globalization’. In the absence of a new primary scale that can serve as a nodal point for the management of interscalar relations, however, the predominant trend is a continuing ‘global–local’ disorder rather than the regularization of capital accumulation in and across different spatial scales (cf. Peck and Tickell 1994).

**ECOLOGICAL DOMINANCE AND GLOBALIZATION**

Ecological dominance refers to the structural and/or strategic capacity of a given system in a self-organizing ecology of systems to imprint its developmental logic on other systems’ operations far more than these systems are able to impose their respective logics on that system.8 This capacity is always mediated in and through the operational logics of other systems and the communicative rationalities of the lifeworld. For example, the ecological dominance of capitalism over modern states is mediated in part through state managers’ calculations about the likely impact of their decisions on alterations in the money markets and fisco-financial system on which state revenues depend. Conversely, state activities and performance tend to have an impact on the economy through market actors’ calculations about their impact on opportunities for profit (or other forms of income). For example, whereas the imperialist roles of Britain and the USA have been associated with strong military–industrial complexes, we find a well-developed ‘social–industrial’ complex in social democratic welfare regimes (O’Connor 1973). As for the lifeworld, the ecological dominance of capitalism depends on the extent to which monetized, profit-and-loss calculation penetrates the lifeworld at the expense of other modes of calculation and subjectivity. In turn, other identities, values and modes of calculation will affect the capitalist economy mainly insofar as they shape opportunities for profit (or other forms of income): for example, as sources of labour market segmentation, threats to wage differentials, or an opportunity to develop new markets. We explore what this implies for resistance to capitalism in the next section.

The relevance of ecological dominance to our concerns in this chapter becomes clear once we recall that capitalism cannot be reproduced solely through the value form. It depends on other systems and the lifeworld to help close the circuit of capital and to compensate for market failures. Outside a fully imaginary pure capitalist economy, then, capitalism is structurally coupled to other systems and the lifeworld. Thus the development of the capitalist (market) economy is closely tied to non-economic factors. It never follows a purely economic logic. This is also, of course, one of the key arguments of the regulation approach. Because other systems and the lifeworld are structurally coupled to the economy as well as each other, we should ask which, if any, of them could become ecologically dominant. There are at least five analytically distinct, but empirically interrelated aspects that affect a system’s potential in this regard in the social (as opposed to biological) world:
1. The extent of its internal structural and operational complexity and the resulting degrees of freedom this gives it in securing a given outcome.
2. Its ability to continue operating, if necessary through spontaneous, adaptive self-reorganization, in a wide range of circumstances and in the face of more or less serious perturbations.
3. Its capacities to distantly and compress its operations in time and space to exploit the widest possible range of opportunities for self-reproduction.
4. Its capacity to resolve or manage its internal contradictions, paradoxes and dilemmas, to displace them into its environment, or defer them into the future.
5. Its capacity to get actors in other systems and the lifeworld to identify its own operations as central to the reproduction of the wider system of which it is always and necessarily merely a part – and thus to get them to orient their operations more or less willingly to their understanding of its particular reproduction requirements.

In general terms, the capitalist economy, with its distinctive, self-valorizing logic, tends to have just those properties that favor ecological dominance. It is internally complex and flexible because of the decentralized, anarchic nature of market forces and the price mechanism’s dual role as a stimulus to learning and as a flexible mechanism for allocating capital to different economic activities. Moreover, as capitalism develops, different organizations, institutions and apparatuses tend to emerge to express different moments of its contradictions, dilemmas and paradoxes and these may then interact to compensate for market failures within the framework of specific spatiotemporal fixes. Capital also develops its capacity to extend its operations in time and space (time–space distantiation) and to compress them (time–space compression), making it easier to follow its own self-expansory logic in response to perturbations. Through these and other mechanisms it develops the capacity to escape the particular structural constraints of other systems and their attempts at control even if it cannot escape from its overall dependence on these systems’ general contribution to its own operation or, of course, from the crisis tendencies associated with its own internal contradictions and dilemmas. Attempts to escape particular constraints and particular attempts at control can occur through its own internal operations in time (discounting, insurance, risk management, futures, derivatives, and so on) or space (capital flight, relocation, extraterritoriality, and so on), through the subversion of the logic of other systems through their colonization by the commodity form, or through simple personal corruption. In certain conditions capitalism can also win support for the primacy of accumulation over other principles of societalization in the continuing struggle for political, intellectual and moral leadership.

Nonetheless, ecological dominance, insofar as it exists, is always contingent and historically variable. It depends on the specific properties of accumulation regimes and modes of regulation, the nature of other systems in its environment and specific conjunctural features. Other systems and their actors will be more or less able to limit or resist commodification and to steer economic activities by imposing their own systemic priorities and modes of calculation on the economy. By way of illustration, consider the impact of a territorial state committed to an alternative principle of societalization and willing to accept the political costs of decoupling from the world market. Conversely, the rise or re-emergence of globalization, especially in its neoliberal form, is important in enhancing the ecological dominance of capital by expanding the scope for accumulation to escape such constraints (Jessop 2000a: 328–33). Yet this will also enhance the scope for the contradictions and dilemmas of a relatively unfettered (or disembedded) capitalism to shape the operation of other systems and may thereby undermine crucial extra-economic conditions for accumulation.

Moreover, even when conditions do favor the long-term ecological dominance of the capitalist economy, other systems may gain short-term primacy in response to crises elsewhere. For no individual system represents, or can substitute for, the whole. Each autopoietic system is both operationally autonomous and substantively interdependent with other systems. Even an ecologically dominant system depends on the socially adequate performance of other systems and a normally subordinate system may become dominant in exceptional circumstances. This would occur to the extent that solving a non-economic crisis becomes the most pressing problem for the successful reproduction of all systems – including the capitalist economy. For example, during major wars or preparations for them, states may try to plan or guide the economy in the light of perceived military-political needs. This can also be seen in Cold War national security states (for example, Taiwan, South Korea) (Chapters 5 and 11). After such states of emergency have ended, however, the primacy of accumulation is likely to be reasserted. This does not exclude path-dependent traces of such exceptional conditions in the normally dominant system (for example, the distinctive features of peacetime war economies or legacies of total war on post-economic trajectories). But, even given such path dependency, the ‘quasi-transcendental meta-code’ of the ecologically dominant system will still have more of an impact on other systems’ development in the multilateral process of structural coupling and coevolution than they can on it.

Globalization powerfully reinforces this always tendential ecological dominance in at least five interrelated respects. Before specifying these,
however, it is important to note that globalization is not a single causal process but the complex, emergent product of many different forces operating on various scales. The first aspect is that globalization is associated with an increasing complexity of the circuits of capital and an increasing flexibility in its response to perturbations. Second, globalization enhances capital’s capacity to defer and displace its internal contradictions, if not to resolve them, by increasing the scope of its operations on a global scale, by enabling it to deepen spatial and scalar divisions of labour, and by creating more opportunities for moving up, down and across scales. These enhanced capacities are associated with a marked reinforcement of uneven development as the search continues for new spatiotemporal fixes. This is closely related to time–space distantiation and time–space compression. Third, it reinforces the emancipation of the exchange-value moment of capital from extra-economic and spatiotemporal limitations. This extends the scope for capital’s self-valorization dynamic to develop in a one-sided manner at the expense of other systems and the lifeworld. Fourth, it magnifies capital’s capacity to escape the control of other systems and to follow its own procedures in deciding how to react to perturbations. This is particularly associated with its increased capacity for discounting events, its increased capacity for time–space compression, its resort to complex derivative trading to manage risk and its capacities to jump scale. Fifth, it weakens the capacity of national states to confine capital’s growth dynamic within a framework of national security (as reflected in the ‘national security state’), of national welfare (as reflected in social democratic welfare states) or some other national matrix.

THE ILLOGIC(S) OF GLOBALIZATION

Viewed in terms of the overall dynamic of capitalism, there is both a logic and an illogic to globalization. Thus Marx and Engels noted some 150 years ago in The Manifesto of the Communist Party (1848) that the logic of capitalism points to the formation of a single world market. But they also indicated that the fundamental contradictions of capitalism might prevent the full realization of globalization and thereby ensure that any attempts to move in this direction are inherently unstable (cf. Altvater and Mahnkopf 1997). This is especially clear in the impact of the neoliberal form of globalization on the forms of appearance of the structural contradictions and strategic dilemmas inherent in capital accumulation. Neoliberalism could well be described as the hegemonic strategy for economic globalization thanks to its support by leading international economic bodies (such as the OECD, IMF and World Bank), its primacy in the United States (the still undisputed capitalist hegemon) and in other anglophone countries (notably Britain, Australia, New Zealand and Canada), the significance of neoliberal policy adjustments (even in the absence of a more radical neoliberal regime change) in most other advanced capitalist economies and its paradigmatic status for restructuring the post-socialist economies and integrating them into the global economy. But even a hegemonic strategy can prove irrational and, despite its pretensions to represent the general interest, serve to promote only particular and one-sided interests in a blinkered and short-termist manner.

This point can be elaborated by considering how current neoliberal trends in globalization increase the importance of the first side of each of the contradictions mentioned above. These trends reinforce the abstract–formal moment of exchange-value in these structural forms at the expense of the substantive–material moment of use-value. For it is capital in these abstract moments that is most easily disembedded from specific places and thereby released to ‘flow’ freely through space and time. However, in each of its more concrete moments, capital has its own particular productive and reproductive requirements. These can often be materialized only in specific types of spatiotemporal location. This leads to a general tension between neoliberal demands to accelerate the flow of abstract (money) capital through an increasingly disembedded space and the need for the more concrete forms of capital to be ‘fixed’ in time and place as well as embedded in specific social relations as a condition for their valorization.

Indeed, even where money capital and productive capital exist as distinct fractions and are relatively decoupled, a concrete ‘spatiotemporal fix’ is still needed to enable disembedded capital to flow more easily (Harvey 1982). In the case of global finance capital, of course, the grid of global cities (Sassen 1996) provides this ‘fix’. Moreover, since abstract capital or ‘capital in general’ cannot be valorized without the continuing valorization of at least some particular capitals (as well as, perhaps, through competition, uneven development and ‘gales of creative destruction’, the devalorization of others), this general tension inevitably creates a whole series of contradictions and dilemmas.

Other contradictions are also exacerbated by the neoliberal form of globalization. They include a growing short-termism in economic calculation associated with a system of corporate governance based on shareholder value versus the increasing dependence of valorization on extra-economic factors that take a long time to produce; and the contradiction between the development of an ‘information economy’ based on the generalization of intellectual property rights and the need to develop an ‘information society’ in which knowledgeable workers expand the intellectual commons, knowledgeable consumers are able to use intelligent products and services

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and informed citizens are able to develop a new solidaristic mode of regulation that can overcome the digital divide as well as other forms of social exclusion and polarization associated with neoliberalism (on these and other contradictions associated with the neoliberal form of globalization, see Chapter 11).

The re-emergence and transformation of the basic contradictions inherent in the capital relation generate fundamental problems of collective action as well as more or less acute dilemmas for individual economic or political actors. One such dilemma concerns the balance between de-skilling, hire-and-fire and de-localizing strategies and re-skilling, investment in human capital and mobilizing the tacit social knowledge found in particular localities. For many firms, these and the other dilemmas generated by the contradictory nature of the capital relation are relatively easy to resolve at the individual firm level because of the nature of their inputs, products or markets (for example, Storper 1997). But, despite claims for the superiority of the market mechanism, the pursuit of individual solutions need not produce a coherent collective solution even in the long run.

Likewise, as the crisis of the Keynesian welfare national state (KWNS) developed, political actors initially faced the false dilemma of mounting a one-sided attack on wages as a production cost or giving one-sided support for wages as a source of national demand. An analogous dilemma was that between abandoning demand management in favour of monetarism (national or international) and an equally one-sided resort to ‘Keynesianism in one country’ and subsidies for crisis-hit industries. This was linked in turn to the choice between a one-sided liberalization of economies (especially financial markets) that would reinforce the dissociation of financial and industrial capital and the pursuit of neomercantilist or protectionist strategies that might force greater cooperation onto these two fractions of capital. A related dilemma in the KWNS framework was between retrenching the welfare state and attacking the social wage as a cost of international production and defending welfare employment, public services and transfers without regard to their impact on international competitiveness. What unified these opposed but equally false solutions to the crisis of Atlantic Fordism and the KWNS was their one-sided emphasis on tackling one or other moment of these different contradictions. They differed in opting for unilateral commitment to reinvigorating the national scale of economic and political organization or else in unconditionally supporting (or surrendering to) the illogic of abstract capital in unrestricted global motion. The policy debate has since gone beyond this global–national framework as the search intensifies for some other scale on which the structural contradictions and strategic dilemmas might again be reconciled through an appropriate spatiotemporal fix and institutionalized compromise for an extended period.

This is where more general collective action problems become significant in both the economic and political domains. Economically, they are reflected in conflicts between the requirements of ‘capital in general’ and the interests of particular capitals. This conflict is always subject to hegemonic struggles over specific accumulation strategies, always depends on particular spatiotemporal fixes that cannot be guaranteed, and is often secured in practice only through trial-and-error experimentation which reveals the requirements of capital in general more through continued failure than sustained success (Jessop 1990b, 2004b). Politically, collective action problems occur in the conflict between the state’s economic functions (especially for securing certain conditions for the valorization of capital and the social reproduction of labour power) and its overall political responsibility for maintaining social cohesion in a socially divided, pluralistic social formation. Together these problems create formidable meta-governance problems in securing ‘requisite variety’ in the forms of economic management, regularization and governance and modulating these different forms with ‘requisite irony’ in the recognition that most attempts at economic management, regularization and governance fail, but that non-intervention is itself a form of intervention which has its own limitations and its own forms of failure (see Chapter 8).

THE ILLOGIC(S) OF GLOBALIZATION AND THE POLITICAL ECONOMY OF SCALE

The political economy of scale refers to the strategic selectivity of the interscalar division of labour and to struggles to shape this selectivity. For present purposes the relations between capital and the state are most significant – relations that involve far more than a simple opposition between capital’s search to reduce its place dependency and the state’s search to fix capital inside its own territory. For increasingly open economies mean that national states can no longer act as if their main task is to manage and defend their respective ‘national economies’. Instead they must increasingly manage the rearticulation of scales in a period marked by the ‘relativization of scale’. The respective needs of capital and the state are reflected in a variable mix of institutional forms and governance mechanisms involved in stabilizing specific economic spaces in however provisional, partial and temporary a manner in the face of continuing volatility, market failures and economic (and other) conflicts. Moreover, for various reasons, a key role in economic governance in this regard still falls to the state system. Indeed, in the absence of supranational states in the triads (let alone within the global economy as a whole) with powers equivalent to those of the national state, we find constantly renewed attempts by the latter to reclaim power for
themselves by managing the relationship among different scales of economic and political organization. This is evident not only in the formation of the triads but on all other scales too.

As the global economic hierarchy is redefined we find increased emphasis on three supranational growth poles that exclude significant areas of the globe. These are the USA, Japan and Germany and in attempts to create the North American Free Trade Area, European Economic Space and some form of Asian Pacific Economic Cooperation. Each of these has its own spatial and scalar divisions of labour and associated tangled hierarchies of space and place. There is already a material basis to these triadic developments, of course, with a growing intensity of intra-bloc trade (most marked in the European Union but also seen in the other two triads) and/or further deepening of the interregional division of labour within each bloc. This development may eventually come to provide a new privileged scale on which to begin the reregularization of capital accumulation and thereby limit the illogic of the neoliberal forms of globalization. For this to happen, however, the dominance of neoliberalism in two of the three triads (America and Europe) must first be reversed and new forms of spatiotemporal governance be developed.

Recent celebration of ‘triad power’ should not blind us to three other important tendencies: (1) the growing interpenetration of the so-called ‘triad powers’ themselves as they seek to develop and to deepen specific complementarities and as multinationals headquartered in each triad form strategic alliances with partners in others; (2) shifts in the spatial hierarchies within each triad due to uneven development, reflected not only in shifts among ‘national economies’ but also in the rise and fall of regions, new forms of ‘north–south’ divide, and so forth; and (3) the re-emergence of regional and local economies within some national economies or, in some cases, cross-cutting national borders, whether such resurgence is part of the overall globalization process and/or develops in reaction to it. All of these changes have their own material and/or strategic bases and thus contribute to the complex ongoing rearticulation of global, regional, national and local economies.

These complexities indicate the potential for alliance strategies among states on similar or different regional scales (for example, the European Union, whether as an intergovernmental organization of nation-states or as a ‘Europe of the regions’) to secure the basis for economic and political survival as the imperatives of structural competitiveness on a global scale make themselves felt. Others may call for protectionism on different scales as past regional and local modes of growth are disrupted (ranging from ‘Fortress Europe’ to ‘new localisms’, from the São Paulo Forum or the People’s Plan for the Twenty-First Century to the informal economic self-organization of shanty towns). Nonetheless, in general terms, as noted by Mittelman, ‘Regionalism in the 1990s is not to be considered as a movement toward territorially based autarkies as it was during the 1930s. Rather, it represents concentration of political and economic power competing in the global economy, with multiple interregional and intraregional flows’ (Mittelman 1996: 190).

These alliances will vary with the position of the economies concerned in the global hierarchy. Thus, whilst a small open economy (whether capitalist, post-socialist or socialist) might seek closer integration with the dominant economic power in its immediate triadic growth pole, the dominant power might seek not only selectively to bind neighbouring economies into its strategic economic orbit but also to enter alliances with other dominant triad powers. An alternative strategy for a small open economy is to seek niche markets in the global economy (perhaps through encouraging strategic alliances with key firms in each triad region) or to form regional alliances with other small economies (whether they share borders or not) as a basis for increasing their economic capacities and leverage.

A further scale of action that is emerging (or re-emerging) also seems to cut across conventional geoeconomic and geopolitical hierarchies. This is the urban scale. There are three significant changes occurring here: (1) the vast expansion of the size and scale of leading cities within urban hierarchies so that they become larger metropolitan or regional entities with several centres (on extended metropolitan regions and urban corridors in Pacific Asia, see also Forbes 1999); (2) an increasing structural integration and strategic orientation of cities’ activities beyond national space – an orientation which creates potential conflicts with the national state as some cities become potential ‘regional states’ less oriented to their respective national hinterlands than to their ties with cities and economic spaces abroad (witness the increasing use of the ‘hub’ and ‘network’ metaphors) and, paradoxically, (3) the growing role of some leading cities (rather than, as hitherto, specific firms or sectors) as state-sponsored and state-protected ‘national champions’ in the face of intensifying international competition.

It is in this last context that we can speak of ‘glurbanization’ as a trend analogous to ‘glocalization’. Whereas the latter refers to individual firms’ strategies to build global advantage by exploiting local differences, the former would refer to a local or national state’s strategies to build global advantage by restructuring urban spaces to enhance their international competitiveness. Moreover, with the increasing interest in dynamic competitive advantages and the bases of structural and/or systemic competitiveness, the extra-economic dimensions of cities have also come to be increasingly significant in urban entrepreneurial strategies. So-called ‘natural’ economic factor
endowments become less important (despite the continuing path-dependent aspects of the positioning of places in urban hierarchies); and socially constructed, socially regularized and socially embedded factors have become more important for interurban competitiveness. Thus ‘entrepreneurial cities’ must position themselves not only in the economic sphere but also in the extra-economic spheres that are so important nowadays to effective structural or systemic competition. In doing so, moreover, they continue to reproduce local differences that enable transnational firms to pursue their own ‘glocalization’ strategies. An analogous process can be found on the regional and cross-border levels.

An important aspect of each of these different spatial scale strategies is their concern to limit competition within the region (structured coherence) through market-oriented cooperation as the basis of more effective competition beyond the relevant spatial scale. The spatial scale on which these compromises will be struck is shaped in part by the nature of commodity chains and economic clusters, by associated spatial externalities (including district, proximity and synergy aspects of agglomeration economies) and by the existing forms of social embeddedness of economic relations and learning processes (cf. Porter 1990; Camagni 1995; Messner 1998; Smith 1988).

The existence of regional projects is no guarantee, of course, that real economic spaces with a ‘structured coherence’ and sustainable competitive advantages will emerge. Apart from any doubts one might have about current projects in particular cases, scepticism is also prompted by the failure of various inter-war proposals for regional federations in Europe (in the Balkan, Baltic or Danubian regions) owing to divergent economic and/or political interests; by the checkered record of regional cooperation agreements among developing countries (ranging from free trade areas to economic communities); and by the problems involved in the development of bodies such as ASEAN and APEC. These difficulties in launching and consolidating new regional blocs reflect the complex cooperative, competitive and conflictual relations that are involved in any regional bloc and the ‘geogovernance’ tensions to which they give rise. In short they raise problems of economic coordination within economic spaces identified as manageable from the viewpoint of a given spatiotemporal accumulation strategy and between the relevant economic actors and the extra-economic forces whose cooperation is needed to support that strategy. There is no reason to expect that all the factors needed for a successful regional or local strategy will be found within the borders of the economic space that provides its primary location.

CONCLUSIONS

We have argued that globalization is not a single causal mechanism but a complex and even contradictory set of trends that result from many causal processes. We are not denying the evidence for increasing structural interdependence on a global scale in many different fields, nor that for the increasing importance of the global as the most extensive strategic horizon of action for ever more actors. But we must decompose globalization into its various constitutive processes and also consider the countertendencies that hinder its complete realization. There are objective limits to economic globalization due to capital’s need not only to disembed economic relations from their old social integument but also to re-embed them into new supportive social relations. Indeed, as Veltz has argued, hard economic calculation increasingly rests on mobilizing soft social resources, which are irreducible to the economic and resistant to such calculation (1996: 16).

Economic globalization is a contradictory phenomenon that necessarily produces, as its support, a space of flows and, as its nemesis, the importance of place, a source of objective and subjective resistance. The neoliberal form of globalization that is currently dominant (but has by no means become hegemonic in all quarters) finds it particularly difficult to manage this balance between the abstract–formal moments of global accumulation and its concrete–material moments. It is this inability to reconcile these moments on a global scale that generates the continued search for a ‘spatiotemporal fix’ and institutionalized compromise on less inclusive scales which can provide the basis for a favourable insertion into the changing global economic hierarchy and for social cohesion within the relevant economic, political and social space. While many believe that this ‘fix’ and its associated compromise will eventually be found at a triadic level, the discursive and institutional conditions for this have not yet been established. Nor are they likely to be as long as the neoliberal strategy predominates globally and within two of the triad regions. In this context national states remain key players despite the challenge to the taken-for-grantedness of the national scale that has been introduced by the various processes contributing to globalization. Thus national states seek in different, competing and often conflictual ways to organize the continuing development of globalization–regionalization and deal with its repercussions at the national level. In this context regions, subregions and cross-border regions can have both positive and negative effects. They provide important means for national economies to be favourably inserted into the emerging global economy (hence their emerging role as ‘national champions’), but their very insertion into that economy can also further fragment national economies and societies and create alternative foci of identity and political legitimacy. It is the paradoxes,
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Dilemmas, contradictions and identity conflicts thereby engendered that make analysis of the logic(s) and illogic(s) of globalization such a rich topic for research.

NOTES

1. Thus there was less international competition in identical or similar products before 1913 and trade mostly involved non-competing products, such as primary products exchanged for manufactured goods (Rodrik 1997: 35). In addition, in the first years of the twentieth century, ‘Except for the UK, trade barriers were erected, colonial possessions were being extended as preserves of the main powers, and competition on the freer markets combined collusion and dumping’ (Aglietta 1988a: 387–9); and there has also been an intensification of competition among financial institutions compared with the late nineteenth century (ibid.: 389–90). The role of FDI today is also much greater relative to portfolio investment; wholesale global financial markets are now as significant as national financial markets; and portfolio investments are becoming more arcane (Zysman et al. 1997: 46–7).

2. Thus a better comparison is the 1980–90s and the inter-war period, when economic and hegemonic crises led to protectionism (cf. J. Williamson 1996: 19).

3. The experience of the small open economies integrated into the circuits of Atlantic Fordism differs in this regard, of course, from that of larger national economies such as the USA, France or Germany. This was already reflected in their respective forms of state economic intervention and their articulation with welfare policies.

5. Whereas ‘glocalization’ is a firm-level strategy, ‘glurbanization’ involves the increasing orientation of city strategies (or strategies for cities) to their place within the global urban hierarchy.

6. This is evident from the rise of social movements based on localism, various ‘tribalisms’ or resurgent nationalism as well as movements (sometimes the same movements) resistant in different ways to globalization.

7. This qualification is important because of the above-mentioned arguments about earlier levels of internationalization or globalization.

8. This argument about ecological dominance would also apply to other types of actants in other types of social ecology, such as organizations and networks. Organizations and networks can also be more or less ecologically dominant in their respective social worlds.

9. To avoid any misunderstanding, this statement does not entail that the state and capital are fully autonomous entities and that the state is therefore able to intervene from a position wholly outside what is an exclusively economic circuit of capital to suspend what would otherwise be the full realization of its purely economic laws of motion. It is merely intended to emphasize that the reproduction of capitalism always depends on appropriate extra-economic conditions and that its tendencies are only fully realized to the extent that ‘accumulation for the sake of accumulation’ is established as the dominant principle of societalization.

10. This apt phrase comes from Blühdorn’s commentary on Luhmann even though he does not acknowledge Luhmann’s own contribution to the analysis of ecological dominance (2000: 351).

11. The temporal dimension of flow is captured in the metaphors of ‘liquidity’ and ‘stickiness’.

10. Critical realism and the regulation approach: a dialogue

Critical realism offers a distinctive philosophy of science that applies to the social as well as natural sciences. It is an anti-positivist, anti-empiricist paradigm that emphasizes three issues: the existence of real but often latent causal mechanisms that may be contingently actualized in specific conjunctures; the stratification of the real world into different layers and regions that require different concepts, assumptions and explanatory principles corresponding to their different emergent properties; and the identification of the naturally necessary properties and causal mechanisms in different fields as well as the conditions in which they will be actualized.

As we argued in Chapter 1 the regulation approach operates with an implicitly critical realist ontology, epistemology, and methodology. Yet critical realist commentators on the critique of political economy and the economics discipline have not discussed the RA as an exemplar of critical realism (for example, Baert 1996; Lawson 1989, 1995, 1997; Pratten 1997; Fleetwood 1999; Nielsen 2000). The most likely explanations for this neglect are that critical realists have been more concerned to show that, at its best, Marx’s own work adopts a critical realist approach (Bhaskar 1991: 143; Marsden 1998, 1999; Roberts 1999) or can be reinterpreted in such terms (Pratten 1997; Ehrbar 1998, 2002; Fleetwood 2002; Kanth 1999); to develop a metatheoretical critique of orthodox economics (Lawson 1995, 1997); and to uncover critical realist aspects of other types of heterodox economic theorizing. In short, where critical realists have shown interest in Marxism and/or recent heterodox economics, the RA does not appear within their intellectual horizon.

This chapter responds to this neglect in five ways: first, building on the critical reviews in preceding chapters, it identifies four of the RA’s distinctive features as a specific current in heterodox economics; second, it reveals the critical realist assumptions that inform early regulationist work and suggests that it has engaged in middle-range retroductive inference to explain the specificities of Atlantic Fordism as an object of scientific investigation; third, it argues that this work has also developed some useful insights for critical realist purposes more generally – notably regarding the doubly
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tendential nature of tendencies and countertendencies, the co-constitution of objects and modes of regulation, the articulation of the economic and extra-economic, and issues of structure and agency; fourth, from a regulationist perspective, it offers some new retroductive arguments about spatiotemporal fixes and contemporary capitalism; and, fifth, it argues that the most appropriate way to develop the RA further is to move towards cultural political economy. The last three points are closely interconnected. For, in exploring the links between critical realism and the RA, we can also highlight the role of critical semiotic analysis in a reinvigorated critique of political economy (cf. this volume pp. 53, 152, 182 and 233).

In addressing the first two themes, we focus on early RA contributions (especially from Aglietta and Lipietz) and suggest how their initial arguments can be developed. This emphasis might seem odd, given that the RA emerged in the mid-1970s, that it comprises many different schools and currents, and that recent studies are much more complex and detailed (Chapters 1 and 7). However, as regulationist concepts have become more common and regulationists have shown greater interest in more middle-range issues in comparative institutional analysis, the original methodological concerns of the first regulationists tend to be forgotten. Yet it is their pioneer texts that most clearly state the key ontological, epistemological and methodological assumptions underpinning the RA – and neglect of which explains some of the weaknesses of current regulationism despite strengths in other respects. Scientific progress often depends on forgetting pioneering work but this does not always hold: classic texts may have a continuing relevance. This latter claim informs our discussion of cultural political economy as one way forward.

CRITICAL REALIST ASPECTS OF THE REGULATION APPROACH

Ontologically, the RA’s implicit critical realism derives from Marx and was elaborated via a critique of Althusserian structuralism. Althusser identified an alleged ‘epistemological break’ occurring around 1847 that enabled Marx to develop a scientific analysis of capitalism and, like critical realists in Britain, he discussed the distinctive features and conditions of possibility of science as a theoretical practice. Althusser also distinguished ‘dialectical materialism’ from ‘historical materialism’. Whereas the former designates the general ontology and epistemology of Marxist scientific inquiry, the latter refers to the particular ontology and epistemology appropriate to studying modes of production and their transformation in and through class struggle. Developing these ideas, Althusser rejected Hegelian readings of Marx on the grounds that they erroneously reproduce a Hegelian unitary, ‘expressive totality’ rather than recognizing that Marx’s ontology and epistemology both involved a dialectical, ‘overdetermined totality’. Accordingly he introduced the concept of ‘structural causality’ to designate what critical realists would call the hidden inner structure of capitalism as the generative mechanism of its phenomenal forms and surface movement. In his approach to these issues he affirmed Marx’s insight that ‘all science would be superfluous if the outward appearances and essences of things directly coincided’ (1971: 817). Thus Althusser’s ‘symptomatic reading’ of Capital sought – not wholly satisfactorily – to identify the categories and mechanisms through which Marx explained how surface appearances are related to the underlying realities of capital as a social relation. He and his collaborators also sought retroductively to show how surface phenomena are often distorted, inverted or unrecognized effects of these mechanisms (Althusser and Balibar 1977). These themes were taken up by Aglietta and Lipietz; but they also argued that Althusser paid insufficient attention to the transformative potential of social action (notably class struggle) in shaping the dynamic of modes of production and transitions between them (see Lipietz 1987b and 1993a explicitly, Aglietta 1979, implicitly).

Marx’s work is actually far better described in critical realist than in structural Marxist terms even though both involve notions of ontological depth and commitments to retrodiction. By breaking with the more structuralist elements of Althusserianism while embracing its account of the specificity of the Marxian dialectic, Aglietta and Lipietz could develop a better retroductive analysis of capitalism than Althusser and his collaborators provided. Thus they sought to identify the ‘naturally necessary’ properties and laws of motion of capital as a social relation, that is, properties and laws that are inherent in the relation between capital and labour and/or between individual capitals. Moreover, although certainly interested in the categories of money and capital, the RA was particularly concerned with the wage relation (rapport salarial). In this sense their work can be interpreted as an attempt to correct the ‘one-sidedness of Capital’ (Lebowitz 1982) by providing the ‘missing book of Capital’ on wage-labour (Lebowitz 1991). The starting points for such early regulationist analyses are the basic contradictions of the commodity and/or value as the most basic ‘structural forms’ (or modes of existence) of the capitalist mode of production, the implications of the generalization of the commodity form to labour power (although it is actually a fictitious commodity, that is, one that is not produced in formally rational, profit-oriented capitalist enterprises) and the historically specific nature of capitalism as a mode of production (or ‘mode of organization of social labour’: Aglietta 1979: 37) that is based on the capital–labour relation and capitalist competition. On
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this basis, they also examined the centrality of the wage relation and the variant forms of capitalism, both historically and geographically.

With the continued development of the RA, however, these relatively abstract–simple starting points became increasingly taken for granted and regulationists focused on more middle-range (concrete–complex) aspects of capitalism and its historically variable institutional forms. This is linked to a second round of retrodiction and theorization of more concrete properties and ‘laws’ of capitalism or, more specifically, distinct stages and/or varieties of capitalism. For, just as Marx could not elaborate his abstract ‘laws of motion’ (such as the law of value or the tendency of the rate of profit to fall) without considering the inherent structural properties of capitalism as a mode of production, the RA had to redescribe intermediate categories of analysis to address more specific periods and/or variant forms of capitalism.

Thus Aglietta writes that, ‘In order to achieve a precise analysis of the forms of regulation under capitalism, it is necessary first to define an intermediate concept, less abstract than the principle of accumulation so far introduced. This is the concept of the regime of accumulation’ (Aglietta 1979: 68; cf. Boyer 1990a: 32–7). Having defined this, he introduces the related concept of ‘mode of regulation’. Likewise, Lipietz writes that: ‘it [that is, capitalism] works ... except, of course, when ... how it works we have to produce new concepts. A number of French research workers have proposed the concepts of “regime of accumulation” and “mode of regulation”’ (1987a: 14). In this sense the RA builds on concepts and arguments from Capital and respecifies them so that they can be deployed at more concrete, complex levels of analysis (cf. Boyer 1990a: 32–48; Lipietz 1987b: 1051; on levels of analysis in regulationist state theory, see Delorme 2002: 115, 118–19). Five such concepts have been important for the Parisian regulation approach.

The most general concept, presupposed in the preceding quotation from Aglietta, is, of course, ‘régulation’ as a complement to ‘reproduction’. This was initially introduced, as a pre-theoretical intuition, in Aglietta’s doctoral thesis (1974); other first-generation regulationist work subsequently grounded the concept of regulation in the Marxist critique of political economy (beginning with Aglietta 1976). The others are ‘industrial paradigm’, ‘accumulation regime’, ‘mode of regulation’ and ‘model of development’ (Chapter 1). Together these enable the RA to identify the internal structures associated with more concrete–complex features of specific periods of capitalist development and/or specific national variants of capitalism. Lipietz has also suggested the importance of an additional set of intermediate concepts that highlight the conflictual and strategic aspects of regulation: institutionalized compromises, epoch-making social innovations, radical reforms, etc (1987b).

Critical realism and the regulation approach

Such retroductively inferred objects are introduced for two main reasons. The first is to explain in relatively abstract–simple terms the general mechanism that compensates for the posited inability of purely economic mechanisms (that is, market forces) to secure capital’s expanded reproduction. The second is to specify this general mechanism in more concrete–complex terms to explain the historically specific dynamics of different periods and/or variants of capitalism, including the distinctive forms of appearance of their crisis tendencies. In particular, the RA initially attempted to explain the relative stability of Atlantic Fordism and its distinctive crisis tendencies, especially the apparently anomalous phenomenon of stagflation (on Fordism and post-Fordism, see Chapter 2). The categories it has developed to analyse these problems would have belonged in the four unfinished books of Marx’s projected critique of political economy but they are no less potentially valid for being more relevant to these later theoretical stages in a Marxist appropriation of the ‘real-concrete’ as a ‘concrete-in-thought’.

Indeed, far from being inconsistent with Marx’s project, the RA could help to realize it. For Marx could not present the full complexity of the social embeddedness and social regulation of the circuit of capital or the complex reciprocal relationship between ‘base’ and ‘superstructure’ at more abstract, simple levels of analysis. This is amply indicated in the many and varied similes, metaphors and circumlocutions that Marx had to deploy in dealing with the complexities of capitalist social formations in order to avoid simple functionalist or economic reductionist arguments. Once more concrete and complex concepts and arguments are introduced, however, both reductionism and figurative language can be expected to disappear (cf. Woodiwiss 1990). Instead attention can turn to the structural coupling and coevolution of different structural forms, social practices and discursive systems in the overall reproduction–regulation of the economy. Delivering such analyses is one of the unfulfilled promises of the regulationist research programme (Chapter 7) and a task that cultural political economy also aims to undertake.

Epistemologically, both the RA and critical realism imply the inadequacy of attempts to develop scientific knowledge on the basis of constant conjunctions or other empirical regularities. Instead they pose retroductive questions about the necessary and/or sufficient conditions of a given explanandum and aim to develop knowledge of real causal powers or mechanisms. Critical realism also implies that an explanation is only adequate relative to a given explanandum. This requires a movement from abstract to concrete, that is, the increasing concretization of a given phenomenon (for example, from commodities in general to labour power as a fictitious commodity to the wage relation, on to the determination of the nominal money wage to the real wage, and so on). It also requires a
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movement from simple to complex, that is, introducing further dimensions of a given phenomenon (for example, state, capitalist state, patriarchal capitalist state, multicultural patriarchal capitalist state, and so on). Elsewhere the methodology of this dual movement from abstract to concrete and from simple to complex has been described as one of ‘articulation’ (Jessop 1982: 213–20).

IMPLICATIONS OF THE REGULATION APPROACH FOR CRITICAL REALISM

Having established important affinities between the RA and critical realism, we now address three general theoretical issues: (1) the ontological assumptions that typically underpin the RA; (2) the complex movement involved in theory construction and explanation; and (3) the order of presentation appropriate to studies of regulation. The main ideas here were already in the classic Marxian texts and then outlined more systematically in early regulationist texts. Thus it is surprising that more recent commentaries on the RA rarely critically examine its methodological foundations. This might be explained through the increasing identification of the RA with the analysis of Fordism and post-Fordism, topics that could be studied in purely ‘middle-range’ terms and integrated into a wide range of analyses. This has led to weakening or abandonment of the early RA’s distinctive methodological assumptions. But only by re-examining the RA’s methodological assumptions can we understand both its key contributions and its limitations for an analysis of capitalism.

Hans Ehrbar suggests that:

Although Hegel’s system was presumably the best framework available at Marx’s time to represent the structure of modern society. But it is not a perfect fit for the purposes for which Marx put it to work … As a consequence, to understand Marx has become a secret science, open only to the ‘initiated’ … Fortunately, in the last quarter century, a cleaner and more persuasive framework for social sciences has been developed than Hegel’s philosophy. … [namely,] Bhaskar’s ‘critical realism’. (Ehrbar 2002: 43, 44; cf. Ehrbar 1998; contrast Brown 1999: 12–14)

The RA is an interesting example of a Marxist account of capital as a social relation that rejects a Hegelian reading of Marx and develops an alternative, albeit implicit, critical realist account.7 Indeed, both the realist ontology implicit in Capital and its associated epistemology, outlined in the 1857 Introduction and elsewhere, were affirmed and adopted in early Parisian work. For Marx, the causal powers and liabilities in the domain of capital as a social relation were typically analysed in terms of tendencies and counter-tendencies that together constitute its ‘laws of motion’. These ‘laws’ operate as tendential causal mechanisms whose outcome depends on specific initial conditions as well as on the contingent interaction among tendencies and counter-tendencies; thus, in addition to real mechanisms, Marx also described their actual results in specific conjunctures and sometimes gave empirical indicators for these results. Labour power is the most obvious example of a real power, but, as Marx noted, its actualization depends on the outcome of the struggle between capital and labour in specific conjunctures. The tendency of the rate of profit to fall and its counter-tendencies are the best known (and certainly the most contentious) of these real mechanisms: whether the profit rate actually falls or not (and by how much) depends on the conditions in which the tendency and counter-tendencies operate.8 In turn this realist ontology implies that the social world comprises a complex synthesis of multiple determinations.

Given these ontological assumptions, Marx argued that the ultimate task of theory is to appropriate the ‘real-concrete’ as a ‘concrete-in-thought’. Modern epistemologists might well argue, however, that, as it really exists beyond thought, the ‘real-concrete’ can never be fully apprehended. For, although realists presuppose the existence of the real world and make this belief into a crucial ‘regulative idea’ in their critique of rationalist and pragmatist accounts of science, they do not make any strong epistemological claims about having direct access to this reality. Indeed, as Aglietta notes, the empirical is not external to theoretical construction itself:

facts are not atoms of reality to be classified, linked and assembled. Facts must rather be treated as units in a process, or articulations between relations in motion, which interfere and fuse with one another. They can only be grasped by the collaboration of different modes of investigation, and this is why the concrete can be reached in thought only at the end of a globalizing procedure in which deductive and critical moments interact. (Aglietta 1979: 66)

Our knowledge of the real world is never theoretically innocent. This implies that the starting point for any enquiry is discursively constituted: one cannot move from a theory-free ‘real-concrete’ to a theory-laden ‘concrete-in-thought’ (cf. Althusser and Balibar 1977; Aglietta 1979: 15; Boyer 1990a: 64, 80; Delorme 2002: 116–17). The movement from ‘real-concrete’ to ‘concrete-in-thought’ is a movement from a simple and superficial category to an account that is complex (synthesizing multiple determinations) and also has ontological depth (identifying the underlying real mechanisms and connecting them to the actual and empirical aspects of the real-concrete). Thus, as Marx begins to move from the analysis of money to that of capital in the Grundrisse, he notes that, ‘If we speak here of capital, this is still merely a word’ (1973b: 262). He then shows that ‘Capital is not a simple relation,
but a *process*, in whose various moments it is always capital’ (1973b: 258). Likewise, in his 1973 *Introduction*, he suggests that scientific inquiry would begin with simple categories, ‘chaotic conceptions’, such as population, but would then decompose them into their elements and reconstruct them again as a complex of diverse determinations (1973a: 100–101).

As the spiral of scientific enquiry continues, the elements of the ‘real-concrete’ are defined with increasing complexity and concreteness. Thus ‘concepts are never introduced once and for all at a single level of abstraction but are continually redefined in the movement from abstract to concrete – acquiring new forms and transcending the limits of their previous formulations’ (Aglietta 1979: 15–16). In this sense ‘the objective is the development of concepts and not the “verification” of a finished theory’ (ibid.: 66, cf. 15). Lipietz argues that, in order to avoid getting lost in the unstructured complexity of the real-concrete or hypostatizing closed concepts, realist theorists have ‘always to strive for greater precision in the concepts and thus always be producing more concepts that must then be articulated’ (1987a: 5–6; 1987b). Boyer adds, ‘Ultimately, the definitions are less important in themselves than for the way in which they assist research, since their worth can only be shown by techniques that allow the verification of their adequacy as descriptions of the long-term dynamics of capitalist economies’ (1990a: 60). And Norton criticizes American radical economists of ‘social structures of accumulation’ for failing to rethink and transform their initially posited causal mechanisms as they make their argument more concrete and consider additional processes and relationships. Instead, in contrast with Aglietta’s approach, he argues, they treat these mechanisms as fixed, once established at an abstract level (Norton 1988a: 203, 220–2).

This is not to deny the key role of empirical evidence in theory construction and evaluation. Indeed, as Beamish notes:

> a major dimension to Marx’s method is located within the actual concrete processes of inquiry, elaboration, and intellectual reconstruction. No attempt to comprehend his method will be satisfactory unless it deals with the fundamental, dialectical relationship between abstract and concrete in Marx’s intellectual labor process – that is, the dialectic between Marx’s conceptions (the abstract) and his interaction with a variety of textual materials, plus the practical activities involved in the writing and indexing of his texts (the concrete). (1992: 4)

A similar point is made by Marsden:

> Regarded less grandly and more prosaically than is customary, Marx’s method of critique-retroduction is a serendipitous process of writing, editing, revising and rewriting – sitting-up into the middle of the night scrutinizing the logical structure of other people’s work and writing, revising and rewriting his own. It is a process of conceptual writing or modelling, *an a posteriori* mode of concept formation, the ultimate aim of which is to orient empirical work by indicating where investigations ‘must enter in’ (Marx 1973b [1858: 460]; 1998: 309)

Aglietta likewise argues that ‘Precise conclusions can be reached only after assembling, classifying and interpreting a vast number of data’ and also describes how his own work results from ‘an interchange between conceptual elaboration and historical analysis of the economy of the United States’ (1979: 22). Lipietz adds that regulationists must ‘study each national social formation in its own right, using the weapons of history, statistics and even econometrics to identify its successive regimes of accumulation and modes of regulation’ (1987a: 20; cf. Boyer 1990a: 100; Noël 1991). And Boyer takes up the same theme:

> If it is always stimulating to start from Marx’s teachings, a decade of research has permitted the establishment of hierarchies within his legacy. We can distinguish between the most abstract concepts (mode of production, wage labour, and so on) and those that can and must be tested against observed phenomena (for instance, the stability or instability of a partial mode of regulation, the cyclical or structural character of a crisis, and so on; between a social relation in general and the specific forms that it takes over time; and between laws that hold true across history and simple economic regularities valid for a specific set of social forms. (1990a: 31)

If Marxist epistemology does involve the appropriation of the ‘real-concrete’ as a ‘concrete-in-thought’, appropriation must refer to the qualitative transformation of our understanding of the ‘real world’. As Aglietta put it, ‘Marx’s refusal [of] an immutable essence underlying the variability of phenomena means that . . . the tension typical of every process of knowledge does not take the form of an opposition between theoretical and empirical, external to theoretical construction itself. This tension is expressed instead in the relationship between the abstract and concrete in the development of theory itself . . . . Abstraction . . . is an exclusively experimental procedure of investigation of the concrete’ (Aglietta 1979: 15, modified translation; cf. Lipietz 1987a: 5, 20, 26–7). It involves a complex process whereby theoretical statements and evidential statements are confronted and modify each other (cf. Bhaskar 1989: 12). Thus the essence of science for critical realism is a continuing, spiral movement from knowledge of manifest (empirical) phenomena to knowledge of the underlying structures and causal mechanisms that generate them. This spiral movement is not purely theoretical – it also involves careful evaluation of empirical studies of actual tendencies (cf. Marx on ‘the working up of observation and conception into concepts’, 1973a: 101; also Beamish 1992; Marsden 1999). Delorme likewise argues that regulationist analyses
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of the state involve 'theoretical research that requires empirical validation of its claims as a constant form of discipline ... [which] makes a virtue of prudence, requires tenacity, and above all learns to remain modest, abandoning scientism and impatience' (2002: 116). In short, theory is an open process, not a final product.

This argument does not fundamentally challenge Marx's methodology. For this comprises a dialectical interplay of abstract and concrete: an interplay that involves a spiral movement because the introduction of lower order concepts entails modifications in higher order concepts (cf. Bénassy et al. 1977; Gerstein 1989). Likewise explanation would remain the same: an explanation would be adequate if, at the level of abstraction and the degree of complexity in terms of which a problem is defined, it established a set of conditions that are together necessary and/or sufficient to produce the effects specified in the explanandum. Indeed, if concepts are transformed 'by an experimental procedure, a concatenation of concepts can become a representation of a historical movement' (Aglietta 1979: 16).

This suggests two strategies for explanation. Either an explanation must recognize its indeterminacy vis-à-vis lower levels of abstraction and leave certain issues unresolved at its chosen level of operation, or it must make certain assumptions that permit a determinate explanation without pre-empting subsequent concretization. The former strategy can be seen in the argument that the formal possibilities of capitalist crisis do not mean that a crisis will actually occur and/or must take a given form; the latter can be seen in the postulation of an average rate of profit or the assumption that individual capitals act simply as 'bearers' (Träger) of the capital relation. This criterion also implies that explanations adequate to one plane of analysis should be commensurable with those adequate to the explanation of other planes. In the case of incommensurability, however, any rules for preferring one of these explanations to others must be conventional. There are no formal rules that could guarantee a correct choice as to which explanation should be retained and which rejected. In addition, of course, any substantive rules will depend on the specific theoretical framework(s) within which investigators work.

Third, whatever the specific methods of discovery, Marx's methodology requires that the theory itself be presented as a movement from abstract to concrete. This holds for a systematic presentation of the basic theoretical framework as well as for specific explanations of historical events and/or processes. However, in focusing on the economic region in the capitalist mode of production (with its characteristic institutional separation and relative autonomy of different societal spheres), Marx tended to overlook the fact that there are actually two types of movement in any realist analysis: abstract–concrete and simple–complex. The first involves the position a concept should occupy in the spiral movement from abstract to concrete along one plane of analysis. The second type of movement concerns the combination of different planes of analysis. The more planes of analysis are articulated, the more complex is the analysis. This movement is particularly relevant for understanding the overdetermination of events, processes and conjunctures through the interaction of several regions. Although Marx himself did not explicate this distinction between types of theoretical movement, it is certainly implicit in his well-known statement that one should aim to reproduce the 'real-concrete' as a 'concrete-in-thought', that is, as the concrete synthesis of multiple determinations and relations (Marx 1973a: 100).

The RA is more explicit about these movements from immediate to mediate and from abstract to concrete. For it denies that there can be a 'pure economy'. Thus Aglietta argues that the concept of the economy is 'solely a methodological demarcation within the domain of social relations, one perpetually probed and shifted by the development of theoretical analysis itself. The study of capitalist regulation, therefore, cannot be the investigation of abstract economic laws. It is the study of the transformation of social relations as it creates new forms that are both economic and non-economic, that are organized in structures and themselves reproduce a determinate structure, the mode of production' (Aglietta 1979: 16). In short, the RA is specifically concerned with the extra-economic as well as economic conditions of accumulation. It argues, for example, that the state is always already present in the constitution of capitalist social relations and that norms of production and consumption are essential to the institutionalization of an accumulation regime.

To these arguments Lipietz has added another. He suggests that the original Marxian method involved not only a movement from abstract to concrete to analyse the natural necessities (laws, tendencies) entailed in the internal articulation of objective social relations but also a movement from the 'esoteric' to the 'exoteric' to analyse the connections between these objective relations and the fetishized world of lived experience and the impact that this enchanted world has on the overall movement of capital (1985: 11–12; cf. Marx 1978: 269–72, 290–92).10 According to Lipietz, this exoteric, enchanted world comprises all those representations created by economic agents in connection with their own behaviour and the circumstances they face. Even though their conduct and circumstances are rooted in the esoteric world, men live their lives through these representations. Ignoring these external forms would therefore prevent any significant understanding of a large part of reality (1985: 12–13). For Lipietz, the key category for deciphering the enchanted world of lived experience is 'fetishism', with particular forms of fetishism associated with each of the three main contradictory relations in...
capitalism as well as a number of secondary forms (ibid.: 18–31, 45–52). He also argues that crisis is rooted as much in the exoteric as in the esoteric world. Thus different connections between the esoteric world of values and the exoteric world of prices obtain in the competitive and monopoly modes of regulation and this entails different forms of crisis (ibid.: 102–3).

One final point should be made about this methodology: its open character. Thus Aglietta stated in his doctoral thesis: ‘regulation theory would not be a closed theory describing the functioning of an economic model; this is the theory of equilibrated growth in its many forms. It must be open, i.e., susceptible to continued elaboration; which means not only additions and refinements, but ruptures in the theory which must be made possible by the problematic adopted’ (1974: VI). Theory, for its part, is never final and complete; it is always in the process of development. ‘The progression of thought does not consist simply of hypothetico-deductive phases; these rather alternate with dialectical phases. It is the dialectical phases that are most important, and make theory seem something other than the exposition of conclusions already implicitly contained in an axiomatic system’ (Aglietta 1979: 15–16). It is in this sense too, as well as in the ‘family resemblance’ among different approaches to regulation, that we can see regulation studies as moments in a continuing research programme.

REGULATIONIST CHALLENGES TO CRITICAL REALISM

We now consider some aspects of the early RA that challenge critical realism and, in the next section, some challenges implied in newer regulationist arguments. Our first question is ‘why does capitalism need regulating?’ The answer suggested in the pioneer works in the RA (notably of Aglietta and Lipietz) is the indeterminate but antagonistic nature of capital as a social relation. Indeed Lipietz goes so far as to claim that ‘the existence of concrete capitalism is more improbable than necessary’ (1987a: 16). Since this claim was largely taken for granted in the early texts, however, I will suggest an explanation that is faithful both to Marx and to the RA. This has three key aspects, listed here in increasing order of concreteness and complexity:

1. The constitutive incompleteness of the capital relation in the real world such that a pure (capitalist) economy is impossible and its reproduction depends, in an unstable and contradictory way, on changing extra-economic conditions.

2. The various structural contradictions and strategic dilemmas inherent in the capital relation and their forms of appearance in different accumulation regimes, modes of regulation and conjunctures.

3. Conflicts over the regularization and/or governance of these contradictions and dilemmas as they are expressed both in the circuit of capital and in the wider social formation.

First, the constitutive incompleteness of capital refers to the inherent incapacity of capitalism as a mode of production to achieve self-closure, that is, to reproduce itself wholly through the value form. This incompleteness is a defining, that is, naturally necessary, feature of capitalism. For, even at the most abstract level of analysis, let alone in actually existing capitalism(s), accumulation depends on maintaining an unstable balance between its economic supports in the various expressions of the value forms and its extra-economic supports beyond the value form. This rules out the eventual commodification of everything and, a fortiori, a pure capitalist economy. In other words, capitalism does not (and cannot) secure the tendential self-closure implied in the self-expanding logic of commodification. This is rendered impossible by the dependence of capital accumulation on fictitious commodities and extra-economic supports (see especially Aglietta 1979: 32; Lipietz 1987a: 30–2). Instead we find uneven waves of commodification, decommodification and recommodification as the struggle to extend the exchange-value moments of the capital relation encounters real structural limits and/or increasing resistance and seeks new ways to overcome them. This is also associated with uneven waves of territorialization, deterritorialization and reterritorialization (Brenner 1998).

Second, the various structural contradictions and strategic dilemmas inherent in the capital relation are all expressions of the basic contradiction between exchange- and use-value in the commodity form. There are different forms of this contradiction. The commodity is both an exchange-value and a use-value; productive capital is both an abstract value in motion (notably in the form of realized profits available for reinvestment) and a concrete stock of time- and place-specific assets in the course of being valorized; the worker is both a unit of labour power substitutable by other such units (or, indeed, other factors of production) and a concrete individual with specific skills, knowledge and creativity; the wage is both a cost of production and a source of demand; money functions both as an international currency exchangeable against other currencies (ideally in stateless space) and as national money circulating within national societies and subject to state control; land functions both as a form of property (based on the private appropriation of nature) deployed in terms of expected rents and as a natural resource (modified by past actions) that is more or less renewable.
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and recyclable. Likewise, the state is not only responsible for securing certain key conditions for the valorization of capital and the social reproduction of labour power as a fictitious commodity but also has overall political responsibility for maintaining social cohesion in a socially divided, pluralistic social formation. In turn, taxes are both an unproductive deduction from private revenues (profits of enterprise, wages, interest, rents) and a means of financing collective investment and consumption to compensate for so-called ‘market failures’.

Such structural contradictions and associated strategic dilemmas are permanent features of the capital relation but they also assume different forms and primacies in different contexts. They are typically expressed in the opposition between different agents, institutions and systems as the prime bearers of one or other aspect of a given contradiction or dilemma. They can also prove more or less manageable depending on the specific ‘spatiotemporal fixes’ and the institutionalized class compromises with which they are from time to time associated. According to the early Parisian regulation theorists, this spatiotemporal fix was organized around the primacy of the national state, which was seen to have a key role in securing the mode of regulation (Aglietta 1979: 28–9, 32, 69, 70–71; Lipietz 1987a: 19–20). However, insofar as these compromises marginalize forces that act as bearers of functions or operations essential to long-run accumulation, the emergence of significant imbalances, disproportionalities or disunity in the circuit of capital will tend to strengthen these marginalized forces and enable them to disrupt the institutionalized compromises associated with a particular accumulation regime, mode of regulation, state form and spatiotemporal fix (Clarke 1977). Such crises serve as a steering mechanism for the always provisional, partial and unstable re-equilibration of capital accumulation (Lindner 1973; Hirsch 1977).

Viewed in these terms, any accumulation regime and mode of regulation always represents an unstable institutionalized compromise. In this sense, any regime has many, often unacknowledged and/or uncontrollable, conditions of existence and emerges from the clash of multiple strategies. It has only a relative unity and, in this sense, is better described as a structural ensemble than as a simple structure. Moreover, within such an ensemble, there are typically many irrelevant, residual, marginal, secondary and even potentially contradictory elements; and even the unity of the more central elements typically involves gaps, redundancies, tensions and contradictions. There is no global subject to plan accumulation strategies, regulatory mechanisms or hegemonic projects and to guarantee their successful implementation. Instead we find only different subjects whose activities are more or less coordinated, whose activities meet more or less resistance from other forces, and whose strategies are pursued within a structural context that is both constraining and facilitating. This creates many opportunities for agents to intervene, intentionally or otherwise, to disrupt the expanded reproduction of a given regime. Failure to recognize these issues can lead to just that ‘réalisme du concept’ (Begriffseralisierung or reification of concepts) that Lipietz condemned in theories of imperialism and also claimed to discern in some recent regulation theories (Lipietz 1987a: 11, 13, 27; 1987b). Moreover, given the contradictions at the heart of the capital relation, its inner structure generates crisis tendencies and conflicts that continually threaten the relative stability of the accumulation regime and its mode of regulation.

Third, modes of regulation and governance vary widely. This follows from the constitutive incompleteness of the capital relation and the various forms of appearance of capitalism, accumulation regimes and modes of regulation, the relative weight of different contradictions, and so on. For there are different ways to seek to close the circuit of capital and to compensate for its lack of closure. Which of these comes to dominate depends on the specific social and spatiotemporal frameworks within which these attempts occur. Indeed, despite the tendency for accumulation to expand until a single world market is achieved, there are important countertendencies and other limits to complete globalization. Hence specific accumulation regimes and modes of regulation are typically constructed within specific social spaces and spatiotemporal matrices. It is this tendency that justifies the analysis of comparative capitalisms and of their embedding in specific institutional and spatiotemporal complexes. It also justifies exploration of the path-dependent linkages between different economic trajectories and broader social developments.

These arguments have important implications for modes of regulation. The key ontological and methodological question here is whether its objects pre-exist regulation. The regulationists’ answer is ‘yes and no’! For they both pre-exist regulation and are constituted in and through it (Chapters 3 and 8). The incompleteness of the capital relation implies that the various aspects of the value form exist as relatively underdetermined ‘elements’ but, once subject to regularization, they are transformed into so many ‘moments’ within a mode of regulation marked by relative ‘structured coherence’. In Marxist terms, capital as a social relation becomes a ‘definite’ object of regulation. Moreover, pursuing this line of analysis, the same elements have points of articulation with alternative modes of regulation and can never be fully fixed in any one mode of regulation. Thus regulation is always partial and unstable and the balance between fixity and fluidity (or, in terms more familiar to regulation theorists, rigidity and flexibility) is complex and changing. Accordingly we must explain how regulatory procedures emerge, interact and combine to produce particular objects of regulation rather than others and, once produced, what follows for the

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A second issue raised by the RA relevant to critical realism is the doubly tendential nature of the tendencies and countertendencies of capitalism. This idea can already be discerned at the level of categories for economic analysis (such as commodity, value, capital or wage) in Marx’s critique of Proudhon, who, according to Marx, has not seen that ‘Economic categories are only the theoretical expressions, the abstractions of the social relations of production. … Thus these ideas, these categories, are as little eternal as the relations they express. They are historical and transitory products’ (Marx 1976b: 165–6, italics in original). Likewise, referring to what critical realists would term the intransitive dimension of the social relations of production, Aglietta notes that the inherent properties of the capital–labour and capital–capital relations are reproduced insofar as the capital relation itself is reproduced (1979: 24–5).

Let us explore this doubly tendential nature of the inherent properties and laws of motion of capitalism. First, they are tendential because the real causal mechanisms that produce them are only actualized in specific conditions that both activate the tendencies and limit the effects of any countertendencies. Second, they are tendential in a deeper sense: for their underlying causal mechanisms are themselves tendential, provisional and unstable. If we accept that social phenomena are discursively constituted and that they never achieve complete closure, it follows that any natural necessities entailed in the internal relations of a given social phenomenon are themselves tendential. They would only be fully realized if the phenomena themselves were fully constituted and continually reproduced through recursive social practices entailed in such phenomena. Yet capitalist relations always exist in articulation with other relations of production and, at most, they occupy a position of relative dominance in the overall economic formation or productive system. Thus their laws of motion are always liable to disruption through the intrusion of other social relations that undermine the formal and/or the substantive unity of the capital relation. This can be established even at the most abstract levels of analysis because the reproduction of the capital relation itself always depends on the contradictory articulation of commodity and non-commodity forms (Jessop 1983; 2000; 2002; Chapters 9 and 10). In turn this implies that accumulation is never automatic but depends on a continuing struggle to prevent the disarticulation of the capital relation and a resulting loss of formality and/or substantive unity. Moreover, as we have already indicated, this is always and inevitably a struggle to maintain definite capitalist relations rather than capitalism in general. How this is achieved has been the RA’s principal theoretical concern.

This also implies that the distinction between internal and external relations is at best relative rather than absolute (Lipietz 1987a: 22–3). For, whatever holds for the natural world, real social objects are not fully constituted with clear and unambiguous boundaries within which definite internal relations could then generate natural necessities. On the contrary, real objects in the social world exist only tendentially and, a fortiori, as we have argued above, their ‘laws of motion’ are doubly tendential. This suggests in turn that well entrenched and stable modes of regulation could be seen as having their own natural necessities and laws of motion, which would then, of course, be doubly tendential in the same way as the tendencies and countertendencies of the capitalist mode of production. Thus one could examine the logic of Fordism as an accumulation regime and/or mode of regulation in exactly the same way as one might explore the dynamic of the capitalist mode of production.

Indeed, since neither capitalist production in general nor general capitalist production actually exist, but only particular capitalist production and capitalist production as a whole, and since the two last are always overdetermined by specific modes of regulation, there cannot be a radical break in the spiral movement of analysis as one proceeds from the abstract and simple to the concrete and complex – with natural necessities on one side, contingent events on the other. For any natural necessities of capitalism must be recursively and tendentially reproduced through social practices that are always (and inevitably) definite social practices, articulated more or less closely as moments in specific modes of regulation. In this sense these natural necessities are rational abstractions: there is no logic of capital but a series of logics with a family resemblance, corresponding to different modes of regulation and accumulation strategies. In turn this means that Fordism could have its own laws of motion (which would modify the abstract tendencies of capitalism) constituted in and through the stable articulation between the invariant elements of capitalism and the variant elements of Fordism: the invariant elements are nonetheless transformed as they become ‘moments’ within Fordism. On more a concrete level still, we could distinguish the laws of motion of US Fordism from those of West German ‘flexi-Fordism’ or British ‘flawed Fordism’ in terms of the stable tendencies and countertendencies of the three different concrete forms of Fordism (see Chapter 4). Here the focus would be on how invariant elements of Fordism in general are overdetermined through their articulation with elements specific to each social and economic formation. In short the
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distinctions between invariant and variant elements, natural necessities and contingent circumstances, and reproduction and regulation, would, in each case, be relative to the particular stage in the movement from the abstract and simple to the concrete and complex.

Another area where the RA has a potential contribution to make to critical realism is in its analysis of the relationship between ‘structure and agency’ (cf. Jessop 2005c). Baert has criticized the transformational model of social agency developed by Bhaskar for being unable to explain social change. For, ‘relying upon a recursive model of social action (in which structures are both medium and output of social action), Bhaskar’s ‘Transformational Model of Social Agency’ is well placed to explain the reproduction of structures, not their transformation’ (Baert 1996: 521; cf. Archer’s critique of Giddens’ structuration theory: Archer 1995: 93–134). In contrast, the RA starts out, not from a general ontology of social action, but from a specific account of the conflictual and antagonistic nature of the capital relation; and it insists, as we have seen, on the inherent improbability of continuing, stable capital accumulation. In this context, regulationists refuse to study regulation in terms of a structuralist model of reproduction or a voluntarist model of intentional action. For the reproduction of capitalist societies is neither a fateful necessity nor a wilful contingency. Thus Aglietta (1982a) and Lipietz (1987a) regard the emergence of modes of regulation as improbable; and Lipietz described them as chance discoveries (1986a, 1987a). Many other accounts stress how accumulation regimes and/or modes of regulation emerge in a contingent, non-intentional manner. Where strategic conduct is involved it could well be more concerned to impose some coherence and direction on an already emergent structure in order to bring it into existence. But such efforts will coexist with others seeking to impose different forms of coherence and other trajectories.

RETHINKING REGULATION AND THE ROLE OF SPATIOTEMPORAL FIXES

Building on these arguments, we infer retroductively that reproducing and regularizing capitalism involves a ‘social fix’ that partially compensates for the incompleteness of the pure capital relation and gives it a specific dynamic through the articulation of its economic and extra-economic elements. This helps to secure a relatively durable pattern of structural coherence in the handling of the contradictions and dilemmas inherent in the capital relation. Interesting recent research in this area concerns the structural coupling and coevolution of production regimes and welfare regimes (for example, Ebbinghaus and Manow 2001; Hall and Soskice 2001; Scharpf and Schmidt 2000). One necessary aspect of this social fix is the imposition of a ‘spatiotemporal fix’ on these economic and extra-economic elements. It achieves this by establishing spatial and temporal boundaries within which the relative structural coherence is secured and by externalizing certain costs of securing this coherence beyond these boundaries. Even within these boundaries we typically find that some classes, class fractions, social categories or other social forces located within these spatiotemporal boundaries are marginalized, excluded or subject to coercion.

Spatiotemporal fixes have both strategic and structural dimensions. Strategically, since the contradictions and dilemmas are insoluble in the abstract, they can only be resolved – partially and provisionally at best – through the formulation and realization of specific accumulation strategies in specific spatiotemporal contexts. These strategies seek to resolve conflicts between the needs of ‘capital in general’ and particular capitals by constructing an imagined ‘general interest’ that will necessarily marginalize some capitalist interests. Interests are not only relational but also relative, that is, one has interests in relation to others and relative to different spatial and temporal horizons. The general interest thus delimits the identities and relations relative to which calculation of interests occurs; and it confines the spatial and temporal horizons within which this occurs. It involves specific notions about which identities and interests can be synthesized within a general interest, about the intertemporal articulation of different time horizons (short-, medium-, and long-term, business cycle, electoral cycle, long wave, and so on) and about the relative importance of different spatial and/or scalar horizons (local, regional, national, supranational, and so on). Thus a conception of the general interest privileges some identities, interests and spatiotemporal horizons and marginalizes or sanctions others. It also refers to what is needed to secure an institutionalized class compromise and to address wider problems of social cohesion. Such success is often secured only through a trial-and-error search that reveals the requirements of ‘capital in general’ more through repeated failure than through sustained success (Clarke 1977; Jessop 1983, 2004a). In establishing this general interest and institutionalized compromise, however, accumulation strategies and hegemonic projects typically displace and defer their material and social costs beyond the social, spatial and temporal boundaries of that compromise. This can involve superexploitation of internal or external spaces outside the compromise, superexploitation of nature or inherited social resources, deferral of problems into an indefinite future and, of course, the exploitation and/or oppression of specific classes or other social categories.

Different scales of action and different temporal horizons may be used in a given spatiotemporal fix to handle different aspects of capital’s structural contradictions and/or horns of resulting strategic dilemmas. For example, in
Atlantic Fordism, the national state set the macroeconomic framework, the local state acted as its relay, and intergovernmental cooperation maintained the conditions for national economic growth. Likewise, in contemporary neoliberal accumulation regimes, the neoliberal state’s relative neglect of substantive (as opposed to formal) supply-side conditions at the international and national levels is partly compensated by more interventionist policies at the regional, urban and local levels (Gough and Eisenschitz 1996; Brenner 1998). In addition, the withdrawal of the state is compensated by capital’s increasing resort on all levels to networking and other forms of public–private partnership to secure its reproduction requirements. Another illustration of spatial–scalar divisions of labour is the tendential dissolution of the distinction between foreign and domestic relations. State organization is premised on a distinction between national (or territorially bounded) states; and, in this context, some parts of the state apparatus specialize in external relations, some in internal relations. However, with the growing impact of globalization and new forms of competitiveness, inherited divisions of state labour have changed. Not only is the distinction between domestic and foreign policy becoming blurred but we also find subnational governments engaging in foreign (economic) policy through cross-border cooperation, international localization, and so on.

There can also be temporal divisions of labour with different institutions, apparatuses or agencies responding to contradictions, dilemmas and paradoxes over different time horizons. For example, whereas finance ministries deal with annual budgets, industry ministries would assume responsibility for longer-term restructuring. Similarly, corporatist arrangements have often been introduced to address long-term economic and social issues where complex, reciprocal interdependence requires long-term cooperation – thereby taking the relevant policy areas outside the short-term time horizons of electoral cycles and parliamentary infighting. In both cases there is also scope for metasteering to rebalance the relations among these institutions, apparatuses or agencies through a differential allocation of resources, allowing them to compete for legitimacy in changing circumstances, and so on (Chapter 8).

CONCLUDING REMARKS

This chapter has addressed the role of realist assumptions and arguments in the RA, described some of its implications for critical realism more generally, and developed some implications for the future development of a cultural political economy. It has argued that the RA’s import is as much methodological as substantive and that its research potential depends critically on how fully and explicitly the core methodological presuppositions are integrated into future studies (for an argument that it has failed to transcend a middle-range analysis in this regard and has turned from an initial mild structuralism to an equally mild post-structuralism and post-modernism, see Mavroudeas 1999a). In this context we referred to four distinctive features of the RA: it works with a realist ontology and epistemology; adopts the method of ‘articulation’ in theory construction; operates within the general Marxist tradition of historical materialism with its interest in the political economy of capitalism and the anatomy of bourgeois society; and is especially concerned with the changing economic and extra-economic forms and mechanisms through which the expanded reproduction of capital is secured (cf. Chapter 1). Nonetheless there are important differences within and across the various regulation schools and currents that provide a continuing stimulus to further theoretical work.

In this light the following remarks on the RA’s critical realism and on critical realism more generally are justified. First, if we take Bhaskar’s approach to realism as a reference point, the RA works (whether implicitly or explicitly) with a critical realist ontology and epistemology. It clearly rests on the distinction between real mechanisms, actual events and empirical observations. Obviously, while the transcendental approach can justify a ‘critical realist ontology and epistemology in general’, it cannot validate a ‘critical realist ontology and epistemology in particular’. The latter depends on specific analyses of a specific object and its associated self-movement of a contradictory essence rather than on a simplistic and generic application of the critical realist approach. Several distinctive features in the RA’s critical realism derive from its initial Marxist assumptions and antecedents. We have also provided a further inflection to the RA through our adoption of a ‘strategic–relational’ and ‘form-analytic’ approach that provides the basis for a systematic theory of contradictions (systematische Widerspruchstheorie), strategic dilemmas and provisional social fixes that help to reconcile these contradictions and dilemmas.

Thus, our approach treats capital as a social relation and analyses it as a complex system of relations among relations; and, in this context, it regards these relations as produced in and through meaningful social action. An adequate account of regulation must consider not only the material preconditions of, and constraints upon, reproduction (for example, as revealed in the reproduction schemas and their significance for the quantitative constraints on capital accumulation) but also the different modes of calculation and the orientations of the various social forces involved in economic and social regulation. This opens the space for the cultural turn. The strategic–relational approach can also be combined at the macro level with form analysis. This involves starting from the basic
forms of the capital relation, broadly considered, in order to provide a means to think the contradictions and dilemmas of capital accumulation, the dependence of capital accumulation on the extra-economic, and the nature of periodization (on this last issue, see Chapter 11). This would seem to suggest the inherent improbability of accumulation. An important theoretical development here is a more explicit concern with the social fixes and institutionalized compromises within which capitalist reproduction and regularization occur. The concept of spatiotemporal fix is particularly useful because it identifies the social contexts within which the specific mechanisms, tendencies and countertendencies of capitalism (or, better, its specific instantiations in particular industrial paradigms, accumulation regimes and modes of regulation) are tendentially reproduced and regularized.

Such an approach implies a critique of the hegemonic Parisian regulation school. We have proceeded more consistently than do most contemporary Parisian regulationists13 from the Marxian premise that capital involves inherently antagonistic and contradictory social relations (see also the final Conclusions of this volume). In turn this requires us to respectify the object, modes, contradictions, dilemmas and limits of regulation. Thus our approach stresses the inherent limits to the regulation (or, better, regularization) of capital accumulation and seeks to avoid a ‘premature harmonization of contradictions’14 in analysing capitalist social formations. Nonetheless, in contrast to the tendency for non-Parisian theorists to turn the regulation approach into soft economic sociology, we share the Parisians’ hard political economy emphasis on the central role of economic mechanisms in capital accumulation. Soft economic sociology analyses economic categories, institutions and activities from their sociological and/or cultural aspects but does so at the price of eliminating their specificity as economic phenomena. Thus it misses the structural contradictions and strategic dilemmas inherent in the capital relation and their mediation through specific economic institutional forms so that different stages and/or varieties of capitalism acquire distinctive, emergent dynamic properties. The regulation approach not only emphasizes precisely these emergent dynamic properties but also rejects the tendency of neoclassical economics to reify these properties and treat them as natural and transtistorical.

This has major implications for the way we think about the institutional patterns, crisis-tendencies and effective governance of capitalism. For, insofar as institutional analyses concerned with comparative political economy, varieties of capitalism and modalities of governance take the basic forms of the capital relation for granted, they lack the theoretical means to address key questions about the complex economic and extra-economic dynamic of capitalist economies and the materially, socially and discursively-mediated reproduction of their tendencies to generate market failure, state failure and governance failure. The alternative we propose is to start with a form analysis of the capital relation and to theorize and analyse the ways in which this relation acquires an always relative substantive (as opposed to merely formal) unity as the basis for expanded reproduction. This relative unity can be analysed through a spiral process of concretization and complexification to reveal its structural and strategic moments. Building on these arguments, we have argued that reproducing and regularizing capitalism involves a ‘social fix’ that partially compensates for the incompleteness of the pure capital relation and gives it a specific dynamic through the articulation of its economic and extra-economic elements. This social fix is always in part an institutional fix, that is, one that is based on the development and consolidation of specific sets of more or less coherent institutions and rules that are tied to various institutionalized compromises. This helps to secure a relatively durable pattern of structural coherence in the handling of the contradictions and dilemmas inherent in the capital relation. One aspect of this social fix, as we have seen, is the importance of spatiotemporal fixes. These have an important role in displacing and/or deferring certain contradictions, dilemmas and costs onto social spaces and forces beyond the internal and external boundaries of the compromise and its spatiotemporal fix. We also argue that different compromises and spatiotemporal fixes involve different relative weights for these contradictions and dilemmas and suggest how these differences can be used as one basis for the periodization of capitalism (see also Chapter 11). In short, we believe that a critical realist, strategic–relational, form-analytic account of the reproduction and regulation of capitalism provides a solid theoretical basis for interpreting the historically specific dynamic of capitalist social formations.

NOTES

1. For example, some recent work has been shaped by trends in orthodox economics and in conventions analysis among economists (for a review, see Jessop 1997a).
2. This explains the occasional references to dialectical materialism in early RA work: it is not to be confused with the essentialist Stalinist versions of ‘diamat’ but should be read in a structuralist manner (see Althusser 1969).
3. Bhaskar (1993) also seeks to overcome a Hegelian account of the dialectic.
4. This reflects Marx’s own approach in starting with the commodity as ‘the simplest economic concretum’, ‘the concrete social form of the labour-product’, the ‘simplest social form in which the labour-product is presented in contemporary society’ (see Curver 1975: 169). On form as ‘the model(s) of existence of the contradictory movement in which social existence consists’, see Bonefeld et al. (1992: xv et seq.).
5. The three volumes of Capital correspond essentially to the proposed books on capital, landed property, and, albeit only in part, that on wage-labour. See Oakley 1983: 105–13; Roudsksky 1977: 40–62.
6. One of Marx’s early plans for *Capital* listed four books that were never finished. They would have dealt with wage-labour, the state, foreign trade and the world market and crises (for discussion, see Rosdolsky 1977).
7. In contrast, Marsden (1998, 1999) argues that Marx’s critical realism is quite definitely Hegelian in inspiration; Brown (1999) prefers, in turn, to see Marx’s scientific breakthrough as indebted more to a skilful reappropriation of Hegelian dialectics than to any implicit critical realism. More generally, on ‘systematic dialectics’ as a new approach to the Hegel–Marx connection, see Smith (1990) and Mosely (1993).
8. For a more nuanced interpretation of Marx’s account of the tendency of the rate of profit to fall, grounded in a thorough analysis of Marx’s text, see Reuten (2000).
9. Boyer uses ‘verification’ here differently from the positivist or empiricist sense implied in the Aglietta quotation. At stake is the verification of ‘a pertinent theoretical abstraction’ or the testing of alternative ‘models’, not the confirmation of a ‘good description’ or the testing of a model against ‘reality’, respectively (1990a: 80, 102).
10. This distinction has been criticized by Boyer.
11. Plurinational monetary blocs organized by states could also be included here.
12. I owe this concept to Ulrich Beck, who suggested it to describe my recent attempt to reconstruct ‘plain Marxism’. (Personal communication, June 2001.)
13. Lipietz is the principal current exception here: see Lipietz (1986a, 1987a, 1993a).
14. This phrase was introduced by Ernst Bloch to describe the function of utopian thought in maintaining social cohesion (1959: 178).

11. **Rethinking periodization after Fordism**

This chapter explores three issues regarding what follows Fordism: periodization in general, appropriate criteria for periodizing capitalism and the contradictions of Atlantic Fordism and after-Fordist economies. We emphasize the interplay of structure and strategy and suggest that, within broad limits, capitalist development is open. This openness invalidates attempts to periodize capitalism’s past development or predict its destiny as if these were connected by some unilinear (or multilinear convergent) logic. Transitions between modes of production or between stages or phases in a mode of production are always mediated through the actions of specific social forces in specific conjunctures. Moreover, without a deterministic logic that ensures such transitions occur in a predictable sequence, it is better to talk of successive capitalist ‘regimes’ than successive ‘stages’. This is especially important when studying specific social formations or comparative–historical questions and the ‘contingently necessary’ nature of transitions in capitalism and/or the balance of forces. The RA, for example, has identified major turning points in capitalist development linked to new technological paradigms, dominant or hegemonic labour processes, accumulation regimes, modes of regulation or modes of societalization; and it tends to explain them as the result of crisis-induced, path-dependent search processes to find new institutional fixes for problems inherent in capital accumulation. Other periodizations give more weight to the impact of shifts in the balance of class forces, although these offer more powerful explanations when related to broader strategic contexts. We build on such insights but attempt to ground them in more abstract accounts of periodization and capitalism alike.

**RETHINKING REGULATION AND THE QUESTION OF PERIODIZATION**

The primary purpose of any periodization is to interpret an otherwise undifferentiated ‘flow’ of historical time by classifying events and/or
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processes in terms of their internal affinities and external differences in order to identify successive periods of relative invariance and the transitions between them. In addition to any practical concerns, all such exercises have some general ontological, epistemological and methodological aspects. Their basic ontological assumption, whether stated or not, is the paradoxical simultaneity of continuity/discontinuity in the flow of historical time. For, if nothing ever changed, periodization would be meaningless in the face of the self-identical repetition of eternity; if everything changed at random all the time, however, so that no sequential ordering was discernible, then chaos would render periodization impossible (Elchardus 1988: 48). Thus periodization is feasible when relative continuity alternates with relative discontinuity. This does not mean that relative continuity rests on the stasis of identical self-repetition – only that relevant changes are consistent with the structural coherence typical of this period (for example, the widening and deepening of mass production in the Fordist accumulation regime). Nor does it imply that relative discontinuity involves random variation and hence a total absence of structure. It entails only that relevant changes disrupt the previous structural coherence (for example, the impact of the hypermobility of global financial capital on the Fordist mode of regulation). This disruption may itself have a distinctive logic (for example, neoliberal structural adjustment programmes in relation to developmental states) and/or serve as an experimental transitional phase in which different forces struggle over possible new patterns of structural coherence (for example, the reorientation of accumulation strategies after the ‘Asian crisis’). What matters for present purposes is not the actual content of this sequential ordering but its grounding in the alternation of relative continuity and discontinuity.

The three keys to periodization from a critical realist (and hence also regulationist) perspective are, first, how far a differentiated and stratified real world creates the possibility of relative invariance and sequential order (ibid.: 47); second, the extent to which these possibilities are actualized in specific conjunctures; and, third, the empirical feasibility of identifying continuity in discontinuity and/or discontinuity in continuity. Clearly the scope for such an exercise depends on the ‘objects’ being periodized and the levels of abstraction and complexity at which they are studied. It is particularly appropriate where a distinctive temporality is an inherent rather than accidental property of the object under investigation.

Capitalism has just such a naturally necessary temporal structure. This is based on its organization as an ‘economy of time’ and the resulting structural contradictions and strategic dilemmas in capitalism and its relations with its natural and social environment. The expanded reproduction of capitalism is never based, as Marx’s simple reproduction schemas might suggest, on purely self-identical repetition. Instead it involves an ever-changing balance among repeated cycles of self-valorization, continuous self-transformation, bouts of crisis-induced restructuring and other modalities of change. These are often linked to new patterns of time-space distantiﬁcation and/or compression as well as to shifts in dominant spatiotemporal horizons and in the leading economic spaces in accumulation. These spatiotemporal aspects provide solid ontological grounds for attempts to periodize capitalism along the lines sketched above. The very complexity of these aspects also vitiates attempts to construct a naturally necessary, unilinear account of the successive stages of capitalism. For they permit quite different developmental paths.

Epistemologically, emphasis on the simultaneity of relative invariance and sequential change means that, just like individual ‘events’, periods do not exist in themselves prior to their identification. A participant or observer must first abstract some features from the flow of time that permit her to identify sequential periods of relative continuity and relative discontinuity (or vice versa) that are relevant to the practical and/or intellectual task in hand. Identifying when the transition from competitive to monopoly capitalism occurred in England, for example, is quite different from making a conjunctural analysis to identify a suitable alliance strategy in a critical election. Likewise, identifying phases of incomes policy in France involves different criteria from those employed in shifts in the embedding and/or nesting of economic spaces (Boyer 1994: 56–60; Boyer and Hollingsworth 1997b: 436–8, 468–70). The chosen level of abstraction and complexity also affects whether more emphasis is given to continuity or discontinuity. Thus one might stress the survival of the generic features of capitalism in a shift from industrial to post-industrial society; or, alternatively, the changes in ‘late Fordism’ compared to ‘high Fordism’. In short, periodizations are never innocent. They always refer to particular problems and units of analysis. This excludes any master periodization that might capture the essence of a period and reveal its coherence for all purposes.

Methodologically, periodization is best undertaken from a strategic–relational approach. This approach examines how a particular relatively invariant structure may privilege some actors, some identities, some strategies, some spatial and temporal horizons, some actions over others; and the ways, if any, in which actors (individual and/or collective) take account of this differential privileging through ‘strategic-context’ analysis when choosing a course of action. In other words, it involves studying relatively invariant structures in terms of their structurally inscribed strategic selectivities and studying actions in terms of actors’ (differentially reﬂexive) structurally oriented strategic calculation. Insofar as reﬂexively reorganized structural configurations and recursively selected strategies and tactics coevolve over time to produce a relatively invariant order, we can describe it as having
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Before moving on, four sets of complications must be noted. First, periodization is not the only method of studying history. Others include chronicles, which merely record events or list statistics in calendric time (for example, bankruptcies, strikes, grain prices, elections); narratives, which emplot selected past events and forces in terms of a temporal sequence with a beginning, middle and end in an overarching structure that permits causal and moral lessons to be drawn (for example, the neoliberal story of how ‘crony capitalism’ ultimately weakened the East Asian economies); and chronologies, which operate with a unilinear timeframe (see above). All have their uses in analysing and contesting capitalism. Because transitions are not automatic, a further useful supplement to periodization is genealogy. Genealogies trace the differential, fragmentary origins of various elements that are later combined into a structurally coherent pattern marking a new period of relative invariance. This is seen in Marx’s genealogy of capitalism. For he does not posit an inevitable transition from feudalism to capitalism or treat this transition as coherent but focuses instead on the contingent and fragmented coming together of its various elements (Marx 1976a).

Second, if capitalist development has no telos, transitions are moments of disjunction and relative openness. They are marked by relatively unstructured complexity due to the decomposition of the preceding structural coherence and the trial-and-error search for new institutional fixes to restore accumulation and restabilize social relations. This can be seen in attempts to move from the Keynesian welfare national state (KWNS) typical of Atlantic Fordism to a new mode of regulation for an emergent globalizing knowledge-based economy. These attempts involved not only state action to end the crisis-induced state interventions of the 1970s but also action to cut back the ‘normal’ forms of intervention at national and local level that emerged in Atlantic Fordist economies in the 1950s and 1960s. States also tried to develop and promote new forms of intervention that favour the emergence of a new accumulation regime. Some of these are purely transitional, concerned to establish the preconditions of a post-Fordist ‘take-off’ in new circumstances. Others are precursors of the ‘normal’ forms of intervention expected to occur in post-Fordist modes of growth in the 1990s or beyond. Thus restructuring initiatives operate in a complex transitional phase and will seem confusing if we ignore the various types of state involvement in the economy, civil society and the state itself. In abstract terms we can distinguish the generic activities of the state, the rolling-back of the KWNS forms linked to the Fordist mode of growth and its crisis and the rolling forward of the frontiers of a new state system considered – rightly or wrongly – appropriate to the next long wave (Chapter 3).

Third, since transitions never involve a total rupture, path-dependent ‘conservation–dissolution’ effects can occur. Change can transform and refunctualize earlier social relations, institutions or discourses, conserving them in the new pattern. Lipietz illustrates this possibility with his analysis of the way features of the limited state (état limité) were transformed through their integration into an embedded state (état inséré) (1992b: 198). Alternatively, change can dissolve them into heterogeneous elements that are selectively articulated into the new relations, institutions, or discourses and that thereby lose their earlier integrity. Such ‘conservation–dissolution’ effects are grounded in the polyvalence of all social phenomena, which means they can be articulated into different institutional orders and/or discourses and will vary in significance with this articulation. Failure to note such effects can lead to the misreading of the relative continuity or discontinuity across different periods. Thus the fact that Sweden had active labour market policies in Atlantic Fordism and still retains them does not mean that nothing has changed. For in the earlier period they were tied to full employment and redistributive regional policies; today they serve international competitiveness and labour market flexibility.

Fourth, if temporal prefixes (such as ‘proto-’, ‘pre-’, ‘neo-’, ‘late-’, or ‘post-’) are to be more than chronological markers akin to the initial French usage of ‘après-fordisme’ (literally, ‘after-fordism’), more detailed support is needed than reference to the calendar. In the case of post-Fordism, for example, one could attempt to show how it is emerging from tendencies originating within Fordism but nonetheless marks a break with it; and/or one could try to indicate how the articulation of old and new elements in post-Fordism resolves or displaces one or more of the contradictions, dilemmas or crises that decisively weakened Fordism. In either case one could then demonstrate the primacy of discontinuity over continuity needed to justify the use of the term ‘post-Fordism’. Without this primacy of relative discontinuity, it might be better to talk of high Fordism, late Fordism or neo-Fordism. But without continuity, it would be better to describe the phenomenon in a way that shows it is not Fordist (examples include Sonyism, Toyotism, Fujitsuism and Wintelism). Using ‘after-Fordist’ might also be appropriate here if such non-Fordist alternatives first arose and/or became dominant after the period of high Fordism (see Chapter 2).
A STRATEGIC–RELATIONAL APPROACH TO CAPITALIST PERIODIZATION

Marx regarded the generalization of the commodity form to labour power as the defining feature of capitalism. Money and commodities were already presupposed in market exchange and petty commodity production. Only when the commodity form was imposed on labour power did the self-valorization of capital become possible. Only then did the sole source of value acquire a commodity form, economic exploitation acquire its distinctive capitalist mediation through exchange relations, and the disposition of labour power become subject to capitalist laws of value. These conditions enabled (but did not ensure) the metamorphosis typical of capital – beginning as money capital, moving through the stages of productive capital and commercial capital, getting realized as profits in the form of money, and becoming available for fresh investment. Commodification of labour power and its direct subsumption under capitalist control also mean that labour markets and the labour process become sites of class struggle. They shape the forms of economic exploitation, the nature and stakes of class struggle between capital and labour in production, and the competition among capitals to secure the most effective valorization of labour power. These basic forms and their institutional mediations are inherently spatiotemporal, being situated in space and place, having distinct interscalar properties and having specific multiple temporalities (cf. Grossmann 1977a, 1977b; Bensaïd 2002; and, on the significance of national space for regulation, Boyer 1990a: 39). Attempts to valorize capital and contain class struggles in these conditions are the source of capitalism’s dynamism.

Even at the most abstract level of analysis, capitalism depends on an unstable balance between its economic supports in the various expressions of the value form and its extra-economic supports beyond the value form. This rules out the eventual commodification of everything. Instead we find uneven waves of commodification, decommodification and recommodification as the struggle to extend the value moments of the capital relation encounters real structural limits as well as increasing resistance and then responds by seeking new ways to overcome them (Offe 1984). Such structural limits and contradictions (often expressed ideologically as ‘market failure’) offer chances to shift direction insofar as capitalism is constantly oriented, under pressure of competition, to new opportunities for profit. This spurs innovation – in techniques, production, organization, products, markets, finance or other features of economic activity – in the hope of getting temporary competitive advantages, producing ‘rents’ beyond the average level of profit (Schumpeter 1937; Mandel 1970). Successful innovation then pushes other capitals to adopt the same, equivalent or superior innovations.

This helps explain the technically and socially revolutionary character of capitalism, its drive to extend capitalism around the world, and its uneven and combined development. But there is no fixed endpoint to this general trajectory – not an eternity of capitalism, its self-transformation into another mode of production, its overthrow through revolutionary class struggle, the chaos of the ‘mutual ruin of the contending classes’, or some other inevitable final destination – unless it be the end of the world.

Marx identified a fundamental contradiction in the commodity form between exchange value and use value. On this basis he dialectically unfolded the complex nature of the capitalist mode of production and its dynamics; and showed the necessity of periodic crises and their role in the forcible reimposition of the relative unity of capital accumulation (cf. Albritton 1986; Harvey 1982; Rosdolsky 1977; Postone 1993). Our concern here is not to reconstruct Capital’s dialectical logic but to build on its account of capital’s basic contradictions. This suggests that a periodization could focus not only on the specificity of capitalism relative to precapitalist modes of production but also on what gives such definite relations their coherence in particular phases of capitalist development. A good starting point is the commodity as the cell form of the capital relation. For all forms of this relation embody different versions of the contradiction between exchange value and use value and these have a different impact on (different fractions of) capital and labour at different times and places. These contradictions are reproduced as capitalism is reproduced and changes in their articulation provide one base for periodization.

We now present some different forms of this contradiction. The commodity is both an exchange value and a use value; the worker is both an abstract unit of labour power replaceable by other such units (or, indeed, other factors of production) and a concrete individual with specific skills, knowledge and creativity; the wage is both a cost of production and a source of demand; money functions both as an international currency and as national money; productive capital is both abstract value in motion (notably in the form of realized profits available for reinvestment) and a concrete stock of time- and place-specific assets in the course of being valorized; and so forth. Such structural contradictions and their associated strategic dilemmas always exist in capitalism but may assume different forms and primacies in different contexts. They can also prove more or less manageable, depending on the specific ‘spatiotemporal fixes’ and the institutionalized class compromises with which they are from time to time associated (see Chapter 6).

One way to distinguish periods of capitalism (or accumulation regimes and modes of regulation) is in terms of the relative primacy of these different contradictions. Mao’s remarks on contradiction offer useful pointers here, especially as read by Althusser (1969). They suggest it would be worth
examining shifts in the principal and secondary contradictions and their articulation as well as shifts in their respective primary and secondary aspects. This is the approach developed below. This is certainly not the preferred route of the Parisian regulation approach, but it has developed an analogous argument at the level of institutional forms.

Thus Petit proposes that, for any given accumulation regime, one dominant structural form provides the axis around which the overall mode of regulation is organized. For Fordism, this was the wage relation; in the emerging post-Fordist regime, it is competition (Petit 1999, 2003a). For Parisian regulationists, the other structural forms that could fill this position in other accumulation regimes are, of course, the money form, the state form and international regimes (Boyer 1990a). But Petit himself concedes there is no good theoretical reason to assume that only one structural form at a time will play this role. Boyer has elaborated this idea in his discussion of the hierarchies that characterize the arrangement of the five key institutional forms and, indeed, periods of transition between relatively stable accumulation regimes and modes of regulation. He writes that, in periods of stability, the dominant institutional form is the one that imposes structural constraints on the configuration of other institutional forms (2000b: 291); conversely, in periods of transition, an institutional form may be said to be hierarchically superior to another if its development implies a transformation of this other form, in its configuration and its logic. Unlike the earlier definition, the latter does not imply that the mode of régulation which emerges from this complex of transformations will be coherent. (2000b: 291)

Boyer provides a double basis for periodization, then, in terms of what we can call the structural dominance of a given institutional form over other forms in a structural configuration during periods of stability; and in terms of what we can call the ecological dominance of a given institutional form during periods of transition and/or instability marked by lack of coherence. We define ecological dominance here in terms of the capacity of the dynamic of one form to cause more problems for other forms than they can for it (cf. Jessop 2000a; and Chapter 9). Boyer’s critical introduction to the regulation school suggested something similar when he recommended that second-generation work ask: ‘under what conditions does an embryonic, marginal form of organization impose itself on the whole of the system, to the point where it fashions its overall logic?’ (1990a: 108). In the current era of globalization, Boyer believes that the ecologically dominant form is international finance; whose increasingly global operations are enabled by international economic integration more generally (2000b: 311–19). Guttman even describes this pattern of ecological dominance, with its volatile exchange rates and high interest rates, as a new mode of regulation because of the ways in which it destabilizes the Fordist mode of regulation (2002: 61–2). However, it would be far better to see this dynamic not as a [possibly transitional] mode of regulation but as the ‘work of crisis’ engendered by the contradictions of the previous mode of regulation and creating thereby a space for struggles over the constitution of a new mode of regulation (cf. de Bernis 1988b: 101–5; Peck and Tickell 2002).

Returning to our own line of argument, lest it be thought that the succession of different stages or phases is determined by the quasi-automatic unfolding of capital’s contradictions and/or by a quasi-automatic institutional destructuring and restructuring of modes of regulation without intervention in either case by social forces, we reaffirm that social development depends on the interplay of structure and strategy. We can refer here to two general features of accumulation. One allows agency to be introduced into the analysis of accumulation regimes, the second does this for modes of regulation.

First, the complex internal relations among the different moments of the value form have only a formal unity, that is, they are unified only as modes of expression of generalized commodity production. They do not endow it with substantive unity or guarantee crisis-free accumulation. Any such unity (or structural coherence) that exists is co-produced through the interaction of structurally inscribed strategic selectivities and actors’ (differentially reflexive) structurally oriented strategic calculation. This explains why accumulation strategies and institutionalized class compromises play key roles in providing a framework for attempts to manage capitalism’s contradictions and dilemmas. Accumulation strategies elaborate an account of the general interest in a feasible mode of growth together with its economic and extra-economic conditions, build support around its realization and seek to institutionalize the compromise that underpins it (see Chapter 3). Needless to say, whatever its form and content, this general interest is imaginary. It always marginalizes some forces, identities and interests and defers and/or displaces the particular costs involved in tackling capital’s inevitable contradictions and dilemmas in the manner advocated in the accumulation strategy in question. No accumulation strategy can ever be completely coherent or fully institutionalized, of course, owing to the opacity and indeterminacy of the preconditions of accumulation and the need to develop and build support for the strategy in and across conflictual fields of competing strategies promoted by other social forces. Nonetheless, insofar as one accumulation strategy becomes dominant or hegemonic and is institutionalized in a specific spatiotemporal fix, it will help to consolidate an accumulation regime within the economic space linked to this fix. Because the underlying contradictions and dilemmas still
exist, however, such regimes are always partial, provisional and unstable. The circuit of capital can still break at many points. Minor economic crises then serve to reimpose the always relative unity of the circuit of capital through various kinds of restructuring. If these are compatible with the prevailing accumulation regime, growth will be renewed within its parameters. If not, a crisis of — and not just in — the accumulation regime and its mode of regulation will develop, provoking the search for new strategies, new compromises and new spatiotemporal fixes.

Second, despite the capacity for self-valorization facilitated by generalization of the commodity form to labour power, the capitalist economy is not wholly self-contained. It also depends on social relations beyond the value form. Even labour power itself, despite its commodification, is largely reproduced outside any immediate capitalist labour process, which means that the sole source of value and its bearers, the working class, are placed outside as well as inside the logic of capital. It is also becoming increasingly apparent, as Polanyi noted, that ‘land’ (in the broad sense of nature) is also a fictitious commodity whose times of reproduction do not coincide with those of the capital relation (Polanyi 1957; also Altvater 1993, O’Connor 1996; Stahel 1999). In addition, outside a purely imaginary ‘pure capitalist economy’, capitalism is ‘structurally coupled’ to other systems with their own operational logics or instrumental rationalities and to the ‘lifeworld’ formed by various social relations, identities, interests and values not otherwise anchored in specific systems. At least some of these extra-economic conditions and forces must be integrated into accumulation strategies to make them feasible. Thus accumulation regimes are usually associated with modes of regulation that regularize the extra-economic as well as economic conditions required for their expanded reproduction. The variability of this relationship as regards both the forms of articulation and their impact on the dynamic of capitalism is a further reason to reject a unilinear and deterministic periodization. Attempts to subordinate other systems and to colonize the lifeworld by extending the value form typically meet resistance and thereby react back on capital accumulation. This is why the more successful accumulation strategies are often connected to hegemonic projects that link economic success to the national–popular (or some equivalent) interest that aims to mobilize a broader social constituency behind the growth strategy. This extends in turn the influence of accumulation via its modes of regulation to the overall mode of societalization in a given social formation.

Thus an adequate account, and adequate periodization, of the capitalist economy and its dynamic in a capitalist social formation should explore how it is embedded in a wider nexus of social relations and institutions; how its evolution is linked to environging, embedding institutions; and how the latter help or hinder the overall reproduction, regularization and governance of the economy. This is especially significant today because of the changing forms of social embeddedness and their recaptulation as capitalism becomes increasingly innovation- and knowledge-driven, is more closely linked to ‘post-industrial’ processes, and becomes more global in scope. In short, as social embeddedness changes over time it produces a path-dependent structural coupling affecting both the economy and its environments. The frequent and continuing attempts to coordinate capitalist development in this context are inevitably prone to failure. But, insofar as modes of coordination change, they too can provide a further basis for periodization. One example of this is, of course, the importance now attached to networking in its various forms as opposed to the role of the mixed economy as a means of coordinating the Fordist accumulation regime.

Overall, our approach implies that there is no single and unambiguous ‘logic of capital’ but, rather, several such logics with a family resemblance. For, given the open nature of capitalism’s overall dynamic, each accumulation regime and/or mode of regulation imparts its own distinctive structure and dynamic to the circuit of capital, including distinctive forms of crisis and breakdown. This is consistent with the arguments of the varieties of capitalism literature on condition that the basic contradictions of capital accumulation are integrated into the analysis and it therefore moves beyond a relatively harmonious meso-level institutional analysis (cf. Röttger 2003: 18–27; see also the general conclusions of this volume). This approach provides the basis for comparative and/or historical typologies. Moreover, if different accumulation regimes and/or modes of regulation can be shown to succeed each other, these distinctive forms can also be used to develop chronologies (simple unilinear succession) or periodizations (succession generated through the contingently necessary realization of the open-ended dialectical logic of capital as a social relation).

ATLANTIC FORDISM AND THE KWNS

We now illustrate this approach from Atlantic Fordism in the advanced capitalist economies and exportism in the East Asian economies (on the latter, see the next section). We exclude modes of growth elsewhere in the world system – including state socialism, economies undergoing dependent development, and zones of economic decomposition – and their complex articulation with the dominant Atlantic Fordist regime. This would involve a far more complex periodization. Nor do we provide a genealogy of the Fordist mode of growth or explain the eventual triumph of the US variant of Fordism and its subsequent diffusion to create a hybrid Atlantic Fordist
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We have suggested that Fordism and post-Fordism could be analysed on four levels: the labour process, the accumulation regime, the mode of regulation and the mode of societalization (Chapter 2). This analysis can be improved by taking account of the contradictions inscribed in capital’s various structural forms and their associated strategic dilemmas. For, without starting from these, we cannot adequately theorize the limits to regulation. Thus we now reassess the crisis of Fordism by stressing these limits and propose an alternative regulationist view of the problems of installing a post-Fordist regime. The analysis also highlights another issue often neglected in the RA, namely, the changing spatiotemporal dynamics of capital accumulation.

Atlantic Fordism was an accumulation regime based on a virtuous autocentric circle of mass production and mass consumption secured through a distinctive mode of regulation that was institutionally and practically materialized in part in the KWNS (see Chapters 2 and 3 for other aspects of Fordist regulation). Here we explore the limits of the KWNS as a key moment in managing, at least for a while, the primary contradictions in Atlantic Fordist economies. These were marked by the congruence between national economy, national state, national citizenship and national society; and by institutions relatively well adapted to combining the tasks of securing full employment and economic growth and managing national electoral cycles. This spatiotemporal matrix enabled a specific resolution of the contradictions of capital accumulation as they were expressed under Atlantic Fordism. Thus, within relatively closed national economies that had been institutionally-discursively constituted as the primary objects of economic management, national states aimed to achieve full employment by treating wages primarily as a source of (domestic) demand and managed their budgets on the assumption that money circulated primarily as national money. The diffusion of mass production (and its economies of scale) through expanding Fordist firms as well as the development of collective bargaining indexed to productivity and prices were the primary means through which wages as a cost of production were brought under control. And the combination of the Bretton Woods monetary regime and the GATT trade regime helped ensure that the (still limited) circulation of freefloating international currencies did not seriously disturb Keynesian economic management through state control over the national money. Welfare rights based on national citizenship helped to generalize norms of mass consumption and thereby contributed to full employment levels of demand; and they were sustained in turn by an institutionalized compromise involving Fordist unions and Fordist firms. Securing full employment and extending welfare rights were in turn important axes of party political competition.

Some costs of the Fordist compromise and the KWNS were borne within Fordist societies themselves by the relative decline of small and medium firms, by workers employed in disadvantaged parts of segmented labour markets and by women subject to the dual burden of paid and domestic labour. Other costs were borne beyond Fordist societies by economic and political spaces that were integrated into international regimes (such as those for cheap oil or migrant labour) necessary to Atlantic Fordism’s continued growth but were not included within the Fordist compromise. Atlantic Fordism was also enabled through a Janus-faced temporal fix. On the one hand, it depended on the rapid exploitation of non-renewable resources laid down over millennia (notably raw materials and fossil fuels) and, on the other hand, it produced environmental pollution and social problems that it did not address within its own temporal horizons – as if working on the principle of après moi, le déluge (see, for example, Altvater 1993: 247–78; Brennan 1995; Stahel 1999).

Crisis in and of Fordism are inevitably overdetermined. The typical manifestation of the crisis in Fordism was an increasing tendency towards stagflation, which reflected the distinctive grounding of its mode of regulation in the wage and money forms. But this crisis tendency was usually overcome through a mix of crisis-induced economic restructuring and incremental institutional changes. The crisis of Fordism was manifested in the breakdown of these crisis-management mechanisms. A major contributing factor here was the undermining of the national economy as an object of state management, notably through the internationalization of trade, investment and finance. This led to a shift in the primary aspects of its two main contradictions and gave renewed force to other familiar expressions of capitalism’s basic contradictions. Thus the wage (both individual and social) came increasingly to be seen as an international cost of production rather than as a source of domestic demand; and money has increasingly come to circulate as an international currency, thereby weakening Keynesian economic demand management on a national level. This shift in the primary aspect of the contradiction in the money form is related to the tendential subordination of industrial capital to the hypermobile logic of financial capital and the tendency for returns on money capital to exceed those on productive capital. This tendency has, of course, been reinforced through the importance attached in neoliberalism to shareholder capitalism in the enterprise form and to financialization in the money form (cf. Boyer 2002a; Aglietta 2000b, 2001; for a commentary, see Grahl and Teague 2000). The relative exhaustion of the Fordist growth dynamic also posed problems of productivity growth and market saturation (which combine to intensify
an emerging fiscal crisis of the state) and problems of how best to manage the transition to the next long wave of economic expansion (which entails changes in the forms, mechanisms and temporal horizons of state economic intervention). The crisis of US hegemony is also reflected in struggles over new international regimes and how far they should serve particular American interests rather than the interests of capitalism more generally.\(^6\)

In addition new conflicts and/or forms of struggle have emerged that escape stabilization within existing structural forms: two major examples are the crisis of corporatism and the rise of new social movements. New problems have also emerged, such as pollution and new categories of risk, which are not easily managed, regularized or governed within the old forms. Finally we should note that, relative to the growth phase of Atlantic Fordism, some contradictions have increased in importance and/or acquired new forms.

**EXPORTISM AND THE LWNS**

The export-oriented EANICs also displayed relative coherence in their modes of growth (including their insertion into the world market) and modes of regulation. During the first phase of exportism, the EANICs prioritized the wage as an international cost of production at the expense of its role in generating domestic demand; this was reinforced by the subordination of the wage relation to an exportist and workfarist (rather than welfare) logic through a national state that privileged national security over opportunities for independent labour organization. Likewise, the hegemony of catchup projects in most East Asian economies led to the allocation of credit according to long-term growth priorities so that the national money (and international aid or loans) was directed towards investment rather than consumption. In turn the state adopted a...
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and the later postnational period associated with the new dialectic of globalization–regionalization. Thus, in the prevailing scalar matrix during the catchup phase, it was the national territorial state that mainly assumed responsibility for developing and guiding Listian workfare policies. Local public and private actors served mainly as relays for policies framed at the national level; and the various international regimes established after the Second World War, the Chinese revolution and the Korean War were mainly intended to restore stability to national economies and national states within the orbit of the Western bloc under US hegemony.

And, fourth, while noting the difficulties of Eurocentrism in suggesting that the East Asian cases had Westphalian sovereign states institutionally differentiated from the market economy and civil society, the LWNS can be considered statist in a more limited sense insofar as public institutions (on different levels) had key roles in securing the conditions for economic growth and social cohesion. The roles of these public institutions informed (or, better, misinformed) the developmental state literature (Chapter 4). In practice, however, as we argued above, the state was part of a broader ensemble of apparatuses and power networks that crossed a distinctly indistinct public–private divide characterized by important parallel power networks that linked economic and political interests and actors. This was reflected in close and continuing coordination between banking and industrial capitals (keiretsu, chaebol, KMT capital and state capital, Singaporean state-owned banks) that were mobilized behind the national accumulation strategy. In addition, the state and/or peak associations often organized extensive ‘pre-market’ collaboration and suppressed ‘wasteful’ competition in favour of ‘catchup’ development. The discourses of national development and national security were particularly important in legitimating this indistinctness. Indeed, the economic and political logic of ‘national security’ was reflected in ‘exceptional forms’ of state (military dictatorship, formalized or de facto one-party rule, and so on) justified by states of emergency. Nonetheless, given the residual nature of social policy and the limited institutional separation of the economic and political, a major secondary role in compensating for market failure fell to the extended family and other institutions of ‘civil society’ in the shadow of the state. In this sense, Gramsci’s notion of the state in its inclusive sense, that is ‘political society + civil society’, seems appropriate here too, albeit with a different morphology for political society and civil society alike (see Chapter 12). But this insulation of the state from popular control would be undermined by growing calls for greater democratic accountability as well as continued economic growth.

As discussed above, there was never a pure form of LWNS and there is never a pure crisis of the LWNS. We always find specific, path-dependent, nationally and globally variable crises of variable scope, intensity and duration. In ideal–typical terms, the crisis tendencies of the complex exportism could be as follows. First, as export-led growth became more important in the LWNS, it would be harder to maintain the initial economic, political and social institutional fix and the national ‘spatiotemporal’ matrix that endowed the LWNS with its relative ‘structured coherence’. Internal pressures developed to move towards more Schumpeterian (innovation and competitiveness-oriented) forms of economic intervention and workfare; and the LWNS also faced problems due to rising personal incomes and popular demands for social welfare. A crisis in the national matrix was also linked to increasing interest in the development of a regional division of labour that would stretch production networks across national borders and thereby undermine the coherence of the national economic core (see Chapter 5). At the same time there were growing external pressures to privatize and reregulate for FDI and finance. These trends were especially marked in South Korea and were reflected by the early-to-mid-1990s in the rise of a strong neoliberal current among the chaebols. Satisfying these internal and external pressures required major institutional changes in economic and political terms. Such problems proved particularly acute in the second-tier EANICs, which experienced a much faster catchup process, more rapid integration into the emerging regional as well as global division of labour, greater economic, social and political stresses due to uneven development, and greater vulnerability to large and sudden inflows (and subsequent outflows) of short-term, speculative capital. This contributed in turn to an emerging crisis in state forms and political domination.

This helps us interpret the impact of ‘globalization’ on the East Asian economies. Two aspects are worth noting: first, the increasing cost pressures in the East Asian economies as they compete with each other and even newer NICs in the region (such as China and Vietnam) for market share, seek to cover the costs of new rounds of investment and technological innovation, cope with the appreciation of the dollar to which their national monies are pegged and address workers’ demands for higher wages and social welfare benefits; and, second, the destabilization of national systems of credit allocation through the attempted global imposition of liberalization and deregulation, the use of short-term yen-denominated foreign credits to finance long-term investment, the additional inflow of short-term speculative ‘hot money’, and the search for easier profits in land, property and stock market speculation (not to mention intensified political corruption) as compared to industrial production. These two sets of factors – both more closely linked to the private than to the public sector – made the EANICs increasingly vulnerable to currency speculation (on the conjunctural factors behind the Asian Crisis in 1997, see Chapter 6). Owing to their diverse
national development paths and varying economic capacities (for example, current account balances, foreign debts and reserves and openness to global capital) and state capacities (including the nature and extent of crises in and/or of the state form itself, broadly understood), this crisis has affected the four EANICs differently. Adjustments and new compromises are continuing in terms of its wage forms, enterprise forms, state/ regime forms, interscalar articulation, and so on to find new spatiotemporal fixes in the usual dialectic of path dependence and path shaping. Thus, in some cases there has been greater continuity, linked to the dominance of the view that there was a crisis in the prevailing form of the LWNS, with largely incremental shifts towards a new regime (for example, Singapore, Taiwan); in others we find greater discontinuity – admittedly often stronger in declared policy changes than in actual policy outcomes – linked to a discursively constructed domestic crisis of the developmental state and to the external imposition of radical restructuring (for example, South Korea). But even in the latter cases, we find continuity. And, in Hong Kong’s case, the rise of ‘Greater China’ is playing an important discursive and material role (for further discussion of these cases, see Chapter 6).

TOWARDS POST-FORDISM?

The problem of reregulating accumulation after the Fordist crisis is not reducible to one of finding new ways of managing the old contradictions within the same spatiotemporal matrix. This is not just because the primary and secondary aspects of the two principal structural forms in Atlantic Fordism (the wage relation and money form) have been inverted. It is also because other contradictions and their associated dilemmas have become more dominant and the spatiotemporal contexts in which all the above-mentioned contradictions are expressed have become more complex. We will not spend much time here with the wage relation and money forms of after-Fordist economies. These have been widely and intensively discussed and we would simply argue that it is not yet proven that after-Fordist forms of wage relation and money have successfully resolved the crisis-tendencies of Fordism as opposed to deferring and/or displacing them and, in so doing, creating new forms of international and national disorder (Chapter 2). Boyer makes a similar point in his comments on the disruptive effects of the internationalization of the money form (and financial capital) on the hierarchy of structural forms (2000b: 291). This is especially clear in the dominant neoliberal form of after-Fordist restructuring. For this reinforces the abstract–formal moment of exchange value in the structural forms of capital at the expense of the substantive–material moment of use value.

It is capital in these abstract moments that is most easily disembedded from specific places and thereby freed to ‘flow’ freely through space and time. However, in each of its more concrete moments, capital has its own particular productive and reproductive requirements. The relative neglect of these in the neoliberal model at the international and national levels is partly compensated by more interventionist policies at the regional, urban and local levels (Gough and Eisenschitz 1996; Brenner 2004) as well as by increasing resort by capital itself to networking and other forms of partnership to secure these requirements (Chapter 8). The rescaling of politics and the changing forms of coordination associated which these counter tendencies to neoliberalism are further signs of the continuing movement away from the Fordist mode of regulation. But they have not yet produced a stable post-Fordist mode of regulation because this must address further problems too.

Thus we now discuss three newly important contradictions that hinder the search for a stable post-Fordist accumulation regime and mode of regulation. They comprise, first, dissociation between abstract flows in space and concrete valorization in place; second, growing short-termism in economic calculation versus an increasing dependence of valorization on extra-economic factors that take a long time to produce; and, third, the contradiction between information economy and information society. In addition, though this is not as such a structural contradiction, major problems surround the ideal spatiotemporal fix, if any, within which to manage the principal contradictions of Atlantic Fordism and today’s newly important contradictions.

The first contradiction expresses the fact that time–space distantiation and time–space compression increase the tension between space and place and raise it to the global scale. Its best-known expression is the separation of hypermobile financial capital from industrial capital, with the former moving in an abstract space of flows, the latter still needing to be valorized in place. In part this is related to the rise of cyberspace as a new, complex, non-propinquitous and multidimensional space with novel spatial dynamics grounded in the possibilities of simultaneous co-location of myriad entities and relationships. Yet cyberspace is not a neutral, third space between capital and labour, market and state, public and private: it is a new terrain on which conflicts between these forces, institutions and domains can be fought out. The same contradiction between space of flows and valorization in place also appears within the individual circuits of financial, industrial and commercial capital as well as within their interconnections. However much economic activity migrates into cyberspace, economic location and political territorialization remain essential to capital (Storper 1997; Scott 2000; Jessop 2002; Gough 2003; Brenner 2004). The grid of global cities
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gives this ‘fix’ for financial capital (Sassen 1996). For industrial capital, it
could be innovation milieux, industrial districts, and so on, as well as
physical infrastructure (Harvey 1982). Even e-commerce needs such an
infrastructure – if only servers and optic fibre cables for a ‘cestial jukebox’
of digitalized music. Thus, an emerging globalizing, knowledge-based, after-
Fordist economy does not signal a final victory over spatial barriers but
effects ‘new and more complex articulations of the dynamics of mobility
and fixity’ (Robins and Gillespie 1992: 149).

The second contradiction derives from the paradox that ‘The most
advanced economies function more and more in terms of the extra-
economic’ (Veltz 1996: 12). This involves the increasing interdependence
between the economic and extra-economic factors making for structural
or systemic competitiveness. This is linked to new technologies based on
more complex transnational, national and regional systems of innovation,
to the shift from the Fordist concern with productivity growth rooted in
economies of scale, to concern with mobilizing social as well as economic
sources of flexibility and entrepreneurialism, and to the more general
attempts to penetrate microsocial relations in the interests of valorization.
It is reflected in the growing emphasis given to social capital, trust and
communities of learning as well as the enhanced role of competitiveness
based on entrepreneurial cities, an enterprise culture and enterprising
subjects. This lends some credence to the suggestion that competition is
the dominant axis of post-Fordist regulation (Petit 1999).

The changing nature of competition generates major new contradictions
that affect the spatial and temporal organization of accumulation. Thus,
temporally, there is a major contradiction between short-term economic
calculation (especially in financial flows) and the long-term dynamic of
‘real competition’ rooted in resources (skills, trust, heightened reflexivity,
collective mastery of techniques, economies of agglomeration and size)
that may take years to create, stabilize and reproduce. This contradiction
is at its most acute in the neoliberal variants of post-Fordism because of
its associated ecological dominance of the exchange value moment of the
money form, which takes the form of financialization. More generally, the
reflexivity that is often said to characterize post-Fordism enhances this
contradiction: it takes time to create collective learning capacities but ‘Those
firms, sectors, regions and nations which can learn faster or better (higher
quality or cheaper for a given quality) become competitive because their
knowledge is scarce and cannot be immediately imitated by new entrants or
transferred, via codified and formal channels, to competitor firms, regions or
nations’ (Storper 1998: 250). Spatially, there is a fundamental contradiction
between the economy considered as a pure space of flows and the economy
as a territorially and/or socially embedded system of extra-economic as well
as economic resources and competencies. The latter moment is reflected
in the wide range of emerging concepts to describe the knowledge-based
economy: national, regional and local systems of innovation, innovative
milieux, systemic or structural competitiveness, learning regions, social
capital, trust, speed-based competition, and so on. This poses new dilemmas
if the capital relation is to be stabilized over a widening range of scales and
increasingly compressed as well as extended temporal horizons of action.

A third contradiction that reasserts itself in post-industrial accumulation
regimes has often been called the ‘fundamental contradiction of capitalism’. This
exists between the increasing socialization of productive forces and
continuing private control in the social relations of production. Networked
knowledge-based economies heighten this contradiction from both sides.
On the one hand, the socialization of productive forces is accelerated in
a knowledge-based economy by the increased importance of the ‘general
intellect’ (or accumulated knowledge in the form of an intellectual commons)
(Marx 1973b: 700–706; Dyer-Witheford 2000) and the increased scope for
‘economies of networks’ that are generated in and through multi-actor,
polycentric and multiscalar networks. On the other hand, there are almost
exponentially increasing returns to network size because ‘each additional
member increases the network’s value, which in turn attracts more members,
initiating a spiral of benefits’ (Kelly 1998: 25). Taken together these two
tendencies generate new forms of market failure that have been noted even
in orthodox studies of the ‘economics of information’. In particular, we
can discern a growing tension between the logic of an information society
(based on the collective appropriation of the use value generated by the
general intellect and network economies) and the logic of an information
economy (based on the private appropriation of the exchange values
generated by the fictitious commodification of knowledge and the capacity
to capture networks for private benefit). The ambivalent response to date
on the part of capital is the development of new forms of enterprise able to
capture such network economies without destroying any broader network(s)
involved in generating them. ‘Virtual’ firms and networked firms are said
to correspond to this need (for example, Castells 1996: 151–200). However,
unless the ‘virtual’ firm becomes coextensive with the collective labourer,
the contradiction is still reproduced on the side of the social relations of
production. For every capital wants free access to information, knowledge
and expertise, but wants to charge for the information, knowledge and
expertise that it can supply. This in turn generates many conflicts over the
intellectual commons and intellectual property rights (on which, see our
companion volume).

A fourth site of problems concerns the appropriate horizons of action for
the spatiotemporal fix, if any, within which the principal contradictions of
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Atlantic Fordism and today’s newly important contradictions might prove manageable. This is closely related to a new complexity of time–space in informational capitalism due to the interaction of new forms of ‘time–space distanciation’ and ‘time–space compression’. Globalization results from increasing spatial distanciation reflected in the growing spatial reach of divisions of labour in different fields and is enabled by new material and social technologies of transportation, communication, command, control and intelligence. Conversely, time–space compression is linked to changing material and social technologies enabling more precise control over ever-shorter periods of action as well as ‘the conquest of space by time’. Differential abilities to stretch and/or compress time and space help to shape power and resistance in the emerging global order. Thus the power of hypermobile forms of finance capital depends on their unique capacity to compress their own decision-making time (for example, through split-second computerized trading) while continuing to extend and consolidate their global reach. It is the differential combination of time–space distanciation and time–space compression that was facilitated by new information and communication technologies and enthusiastically embraced by some fractions of capital (and some states) that contributed to the erosion of the spatiotemporal fix of Atlantic Fordism. This occurred through the growing disjunction between the proliferating scales of economic action and because new forms of time–space compression undermined the preferred temporalities of Atlantic Fordist accumulation and its modes of regulation.

This is now reflected in a ‘relativization of scale’ (Collinge 1996). Since the mid-1970s we have seen a proliferation of discursively constituted and institutionally embedded spatial scales (whether terrestrial, territorial or telematic), their relative dissociation in complex tangled hierarchies (rather than a simple nesting of scales) and an increasingly convoluted mix of scale strategies as economic and political forces seek the most favourable conditions for insertion into a changing international order. The national scale has lost the taken-for-granted primacy it held in the economic and political organization of Atlantic Fordism; but no other scale of economic and political organization (whether the ‘global’ or the ‘local’, the ‘urban’ or the ‘triadic’) has yet won a similar primacy. Indeed there is intense competition between different economic and political forces to become the new primary anchorage point of accumulation. The new politics of scale is still unresolved, although ‘triads’ may well eventually replace the nation as the primary scale for managing, displacing and deferring the contradictions and dilemmas of a globalizing, knowledge-based economy.

The importance of these contradictions and the relativization of scale in the ‘after-Fordism’ period suggest that a stable post-Fordist regime has not yet emerged either in the space of Atlantic Fordism or on a wider scale that would correspond to the emerging global capitalist economy. If pressed to identify the principal contradictions around which a new accumulation regime would crystallize we would suggest that they comprise the forms of competition (notably the growing importance of the extra-economic conditions of competitiveness and hence their colonization by the value form and, tied to this as well as the new knowledge-based technological paradigm, the emergence of the networked firm as the dominant organizational paradigm) and the forms of the state (notably its restructuring in the light of the relativization of scale and of the incapacity of traditional state forms to govern the new economy). We have tried to address both sets of issues in our work on the shift from the Keynesian welfare national state typical of Atlantic Fordism and/or from the Listian workfare national state found in East Asian newly industrializing countries to different forms of Schumpeterian workfare post-national regime (see Chapters 2, 3, 5 and 6). One implication of these arguments is that we do not accept that a feasible post-Fordist mode of regulation could take the form of shareholder capitalism with wages linked to corporate performance and profitability through employee shareholdings or similar mechanisms (contrast Aglietta 2000b, 2001). This is because such a mode of regulation is feasible only in certain economies for certain periods of time and is easily destabilized by the more powerful pressures associated with the dynamics of a world market dominated by the superfast, hypermobile logic of finance capital (cf. Boyer 2000b; 2004a).

CONCLUDING REMARKS

The abstract logic of capitalism is the best starting point for theorizing accumulation regimes and their modes of regulation and, a fortiori, for distinguishing and periodizing phases of capitalist development. Thus our analysis starts from the basic contradiction between exchange and use value and its relation to different but cognate structural contradictions and strategic dilemmas in all expressions of the value form. We then introduce additional strategic–relational concepts to theorize and analyse how the capital relation acquires an always relative substantive (as opposed to merely formal) unity as the basis for expanded reproduction. This relative unity can be analysed through a spiral process of concretization and complexification to reveal its structural and strategic moments. These include the institutionalized compromises, spatiotemporal fixes and spatial and temporal horizons of action that help to secure the relative stabilization and structural coherence of accumulation regimes and modes of regulation. They do this in part by displacing and/or deferring certain contradictions, dilemmas and costs
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onto social spaces and forces beyond the internal and external boundaries of the compromise and its spatiotemporal fix. We also argue that different compromises and spatiotemporal fixes involve different relative weights for these contradictions and dilemmas and suggest how these differences can be used as one basis for the periodization of capitalism.

Two general methodological conclusions can now be drawn. First, no particular scale or space (such as the national) or periodicity (such as long waves, product cycles or business cycles) should be privileged in analysing phases of capitalism. For the relative importance of different scales, spaces or time horizons is a key variable in the structural coherence of accumulation regimes and modes of regulation. The key role of the national scale in Atlantic Fordism, for example, contrasts with the more multiscalar patterns that preceded it and are now succeeding it. Temporal horizons have likewise shifted as a result of the rearticulation of time–space distanciation and compression, especially with new information and communication technologies. Second, we argue that, while the same abstract logic of capital shapes all forms of capitalism, this logic can be expressed in qualitatively different forms. The dynamic of accumulation on a world scale depends on diverse complementarities among accumulation regimes and modes of regulation on different scales and on the ways in which these provide the requisite variety for capital to experiment, respond to new forms of crisis and obstacles to accumulation, displace the leading growth centres as new regimes and modes of regulation emerge, and establish buffer zones and sinks for absorbing the costs of capital’s uneven development.

In short, there is no one best periodization: appropriate criteria vary with theoretical and practical purposes. This chapter offers one general approach and uses it to describe some basic features of Atlantic Fordism and exportism and to assess what, if any, the substantive features of Atlantic Fordism or exportism do not provide a good guide to the key features of the next stages and phase because there is a radical discontinuity in the key problems that any new model must solve. For a viable post-Fordism does not so much involve a new solution to old Fordist problems as solutions to a new set of after-Fordist problems. We have exaggerated the discontinuity to highlight the difficulties but even where old problems survive in new guises they typically need addressing at different scales and/or over different time horizons. It is also vital to distinguish between the voicing of strategies for post-Fordism and their instantiation. There are currently many competing strategies and alternative scenarios but these have been realized at best only in local or regional accumulation regimes rather than on the global scale that one might expect today. Many of these involve the development of forms of Schumpeterian workfare postnational regime within their overall mode of regulation. But this is no more likely to suspend the contradictions and dilemmas of capital accumulation than the KWNS did within the more general Atlantic Fordist mode of regulation. Instead these local or regional solutions are now displacing and deferring major crisis tendencies into other parts of the capitalist system and the wider natural and social environment.

NOTES

1. This holds for all levels of abstraction, including a pure capitalist mode of production.
2. Many early comments on Fordism in crisis, including Aglietta (1979), saw a revamped Fordism (neo-Fordism) as the solution.
3. These points are accepted in Boyer’s critical introduction (1990a: 33–4) as well as in the more orthodox Marxist analyses of Aglietta (1974, 1979) and Lipietz (1979, 1985, 1987a).
4. We have rephrased Boyer’s argument here. Boyer actually writes that, in contrast to the dominance of the capital–labour nexus in the Fordist era, in the 1990s it is integration into the international economy that plays ‘the cardinal role in the context of opening up to broader world trade, of increasing productive investment abroad, and, especially, of creating particularly active globalization financial markets’ (2000b: 291). But, in Boyer’s own terms, integration into the international economy is not an institutional form but constitutes a potential change in international regimes and money institutional forms, however; and it is clearly money that is at stake in this transformative process rather than international regimes as conventionally interpreted by the RA.
5. In this sense it is a ‘fictitious commodity’.
6. In contrast the new postwar international regimes established under US hegemony served broader interests in capital accumulation.
7. Network economies make it ‘difficult legally to distinguish between different firms’ intellectual property, since all intellectual property is a mixture of innovations arising from different places’ (Kundnani 1998–9: 56). This reinforces the tendency for network economies to be captured by the network – albeit often asymmetrically – rather than by a particular firm (Kelly 1998: 26–8).
This chapter identifies important parallels between Antonio Gramsci’s philosophy of praxis and the regulation approach. Gramsci (1891–1936) was an Italian Communist who made major contributions to Marxist theory and political practice in the last century. He is often said, wrongly in our opinion, to have originated the concept of Fordism and, correctly in our opinion, to have inspired first-generation regulationists (for example, Aglietta 1979; Boyer 1990a). This reflects the fact that, while he was unavoidably interested in Russia and the Soviet Union, his ideas were firmly rooted in the historical development and current affairs of Italy and, more broadly, in Europe, the USA and the wider international system. Many observers illustrate this from his views on politics, civil society, culture, intellectuals, political parties and revolutionary strategy. However, we will explore his views on critical political economy, modes of production, economic laws and what is nowadays termed the social embedding of the economy. We aim to show that Gramsci can be read both as a proto- and a post-regulationist, that is, as someone who prepared some of the intellectual ground for regulationist analyses and as someone whose work indicates the need to move beyond the RA towards what we call ‘cultural political economy’.

This may seem surprising given the usual state-theoretical and/or culturalist readings of his work. Gramsci is often interpreted as seeking to develop an autonomous Marxist science of politics appropriate for capitalist societies with a view to establishing the most likely conditions and strategies for a successful socialist revolution. In addition, his analysis of hegemony is often said to stress the cultural aspects of bourgeois stability and communist strategy rather than its economic preconditions. Conversely, regulationism is generally understood to involve wide-ranging economic analyses of the socially embedded, socially regularized nature of capitalism in order to reveal not only its crisis tendencies but also its amazing capacities for self-transformation and relative stability. This contrast between Gramsci’s political and cultural analyses and the economic concerns of the regulation approach is misleading. For several regulation schools share Gramsci’s interest in the close relations among economics, state and civil society. Not only is Gramsci the state theorist of choice for regulationists interested in this question but his notes on Americanism and Fordism also inspired some early RA work either directly (for example, Aglietta, Lipietz) or indirectly (for example, the Amsterdam school via Robert Cox’s appropriation of Gramsci in the field of international political economy, as seen in Cox 1981, 1983, 1987). Contrasting comments by Boyer and Aglietta illustrate Gramsci’s relevance to the Parisian school. First, criticizing the base–superstructure distinction (as Gramsci did too), Boyer seeks to distance himself from orthodox Marxism on the grounds that it leads straight to economic and even technological reductionism:

> the dichotomy established between the economic structure and the juridical and political superstructure tends to prevent social analysis from getting beyond the notion of determination ‘in the last instance’ by the economy and [by] the state of the productive forces. (1990a: 32)

This is a concern that is, of course, shared with Gramsci. Second, while also opposing a rigid base–superstructure distinction, Aglietta draws a strikingly different conclusion about capitalist social relations:

> Rejecting the idea of a superstructure that acts from outside on a similarly autonomous infrastructure, I shall seek to show rather that the institutionalization of social relations under the effect of class struggles is the central process of their reproduction. (1979: 28–9)

Gramsci also disavowed such a culturalist view of the structure–superstructure relation. To avoid both economism and culturalism, he took pains to critique and reconstruct the conceptual triplet of economics, state and civil society and their interrelations. Thus he rejected an economic approach to the economy and highlighted the specificity of the political; he interpreted the state and state power very broadly; he was explicitly concerned with the intellectual and moral dimensions of economic as well as political life; and he explored the crucial activities of political and intellectual forces in shaping and guiding the economy in its integral sense. Unfortunately, regulationist references to Gramsci (‘readings’ would be too strong a term for what are often just gestural mentions) ignore the distinctive set of concepts he developed to explore the forms, content and dynamics of the interconnection between economics, state and civil society. Yet his approach to these issues is rich in insight and explanatory power and deserves to be more fully recovered, reconstructed and evaluated.

We locate Gramsci’s arguments in this regard in three interrelated contexts. The theoretical background is his attempt to reinvigorate the Marxist critique of political economy in Italy (where there was little interest
in economics as a science) and to explore the complex linkages between economic structures and politico-ideological superstructures. Their historical context includes the defeat of the Italian factory council movement in 1920; the conquest of state power in the Bolshevik Revolution; the problems of socialist construction in the Soviet Union; the crisis of the liberal state and the rise of fascism in Italy; factional and strategic problems of the PCI (Italian Communist Party) and the Comintern; the impact of the economic crisis of 1929–32 on the political situation in Europe and America; the roles of the Italian fascist state and corporativism in facilitating economic restructuring and industrial modernization under the hegemony of the old ruling classes; the competitive threat to old Europe posed by a dynamic American Fordism; and the implications of technological change and more general reorganization of the labour process for capitalist social relations. Finally, the immediate political background was the Soviet Union’s isolation in the international system, the weakness of the left in Italy in the face of fascism, the emergence of American hegemony in the world and the need to rethink revolutionary strategy.

Taking this background for granted, we first present Gramsci’s comments on economics as a science, the economy as a sphere of social relations, the ethico-political dimension of economic regimes and the reciprocal relations between the economic structure and its superstructure. Although he explored some of these topics from the time of the Italian factory councils (1919–20) onwards, we focus on his prison notebooks (1929–36). It is here that he offered his theoretical and methodological reflections on economics as a discipline and his most sophisticated engagement with what we term ‘the economy in its inclusive sense’, especially in his writings on Americanism and Fordism. We then consider his analysis of the state in its inclusive sense and the relationship between the state narrowly understood as government and civil society and their articulation to economic activities and class relations. In this context, we turn briefly to the import of Gramsci’s analyses for a regulationist analysis of post-Fordism. We conclude with some remarks on the overall implications of his work for the movement beyond the latest generation of the regulation approach to a distinctive cultural political economy.

**GRAM SCI AND L’ECONOMIA INTEGRALE**

Although Gramsci devoted many of his prison notes to Italian history, politics and culture, he also critiqued economics as a discipline and capitalism as a mode of production. This is not surprising, for, in discussing the interrelations among the three different moments of the ‘philosophy of praxis’ (that is, his distinctive reading of the nature of historical materialism), Gramsci argued:

In economics the unitary centre [that is, of analysis] is value, alias the relationship between the worker and the industrial productive forces. ... In philosophy [it is] praxis, that is, the relationship between human will (superstructure) and economic structure. In politics [it is] the relationship between the State and civil society, that is, the intervention of the State (centralized will) to educate the educator, the social environment in general. (Gramsci 1971: 402–3; cf. remarks on the difference between economic interests and political passion, 140)

In this context, he made important methodological remarks on economic analysis and on the significance of economic relations in the philosophy of praxis. Moreover, although he saw the discipline of economics as being largely concerned with ‘value’ and aimed to develop a Marxist theory of politics as an autonomous sphere (see below), he also sought to locate economic problems in their broader political, intellectual and moral context. Accordingly his economic analyses moved beyond narrow concern with ‘the relationship between the worker and the productive forces’ to include a wide range of extra-economic factors. This is illustrated in Gramsci’s partial catalogue of research questions on Americanism:

1. The replacement of the present plutocratic stratum by a new mechanism of accumulation and distribution of finance capital based directly on industrial production. 2. The question of sex. 3. The question of whether Americanism can constitute an historical ‘epoch’.... 4. The question of the ‘rationalisation’ of the demographic composition of Europe. 5. The question of whether this evolution must have its starting point within the industrial and productive world, or whether it can come from the outside, through the cautious but massive construction of a formal juridical arm which can guide from the outside the necessary evolution of the productive apparatus. 6. The question of the so-called ‘high wages’ paid by Fordised and rationalised industry. 7. Fordism as the ultimate stage in the process of progressive attempts by industry to overcome the law of the tendency of the rate of profit to fall. 8. Psychoanalysis ... as the expression of the increased moral coercion exercised by the apparatus of State and society on single individuals, and of the pathological crisis determined by this coercion. 9. Rotary Clubs and Free Masonry. (1971: 279–80)

More generally, Gramsci goes beyond orthodox historical materialism to give a rich material and cultural account of the historical specificity of economic laws and the complexities of the crisis tendencies and crises that shape capitalism’s transformation. This is why he firmly rejected the simplistic monocausal, unilateral readings associated with different forms of economism and advocated instead a philosophy of praxis as a complex method of historical inquiry that ‘can give rise to “philology” as a method of
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... dealing with a theory that came out of the reduction of economic society to its pure 'economic nature', i.e. to the maximum determination of the 'free play of economic forces', in which since the hypothesis is that of homo economicus, the theory could not but abstract from the given force of the whole of a class organized in the state, of a class which had its trade union in parliament, while the wage earners could not coalesce and bring to bear the force given by the collectivity to each single individual. (1995: 427)

The importance attached to the dialectical nexus between the economic and the extraeconomic and their relative weight in specific conjunctures is most obvious, of course, in his remarks on Americanism and Fordism. Indeed, for de Felice (1972), these remarks are the key to the *Prison Notebooks* (cf. Gerratana 1997). Gramsci described Americanism and Fordism as one of 11 key topics in his first notebook and a letter dated 25 March 1929 listed them as one of the three key themes of his intellectual project for the prison writings (1992: 257). His analysis was subsequently developed in *Quaderno* 22, one of the special thematic notebooks that collected and developed arguments from earlier reflections. Here and elsewhere he considered these phenomena not only in their original American context before and after the First World War but also in terms of the prospects of their introduction into Europe – even though its history and civilization differ markedly from the States (1971: 277–318; 1995: 256–7; see also Baratta and Catone 1989). This prompted Baratta to claim that, for Gramsci, Americanism is a phenomenon that is at the same time American (the new order of capitalism sighted in the US), European (need of imitation, or on the contrary, wave of panic), and global (American hegemony, imperialism). (2004: 20, our translation; cf. Gramsci 1971: 317)

Gramsci also comments more generally on the capitalist economy, specific international, national, regional and local economies, the nature of technology, the dynamics of class relations, forms of state intervention, and so forth. Before addressing these ideas, however, we examine his views on economics as a science and on the general features of contemporary economic systems.

First, Gramsci’s approach to economics was strongly shaped by his opposition to economism as a political orientation as well as a theoretical approach. Among the relevant political tendencies were (1) the ‘Economists’ in late nineteenth-century Russia, who believed that, because the working class was politically immature, it was first necessary to complete the bourgeois democratic revolution and that the organized labour movement should therefore concentrate on trade union and other economic struggles rather than political revolutionary activities; (2) the syndicalists in Italy, France and Spain, who all focused on struggles at the point of production; (3) liberal free traders, who called for the state to abstain from intervention to enable the full spontaneous operation of the free market; and (4) the mechanical fatalism of the ‘intransigent’ fraction of the PCI, led by Bordiga, which believed that the pursuit of immediate economic interests was crucial, that capitalism’s economic crisis would itself provoke a political crisis, that both crises were intensifying, and that power would pass automatically to the proletariat provided it avoided contamination from contact with non-proletarian political institutions and parties (Gramsci 1971: 158–68, 233; Kräutke 2001: 54–66; Gibbon 1983: 345–6).

Against economism, Gramsci argued that the market and the state were always mutually implicated, a view that is shared by all regulationists. He added that there was only an analytical, not an organic (ontological), distinction between the economic and political. Even the non-interventionism of the liberal, laissez-faire state was a form of state intervention with its own economic and political presuppositions and consequences (1971: 160). This idea is also found in early regulationist discussions of the liberal state (*état limité*) and the embedded state (*état inséré*) (for example, Delorme and André 1983). He also noted the crucial role of the political and ideological moments in the operation of the economy and developed a new approach to the old Marxist problem of the relations between base and superstructure. Regulationists’ emphasis on the significance of institutionalized class compromise in shaping accumulation regimes and modes of regulation is obviously relevant here (Chapter 3). It was also partly in response to economism in the labour movement that Gramsci called for struggles over hegemony (political, intellectual and moral leadership) to raise the working class above the level of economic–corporate (or trade union) consciousness and reorient their political activities to revolutionary objectives.

Second, Gramsci’s resolute rejection of economism did not lead him to neglect the specific qualities of capitalism as a mode of production. For, although he made no major original contribution to Marxist economic analysis narrowly understood (unless we include his attempt to break with economism itself and, perhaps, his claim that Americanism and Fordism marked a new historical epoch), Gramsci always accepted its fundamental principles and tendential laws as the starting point for his critique of political economy in its inclusive sense. He insisted, first, that capitalism...
was a contradictory and historically limited system of production based on capitalist exploitation of wage labour; second, that it prepared the material conditions for a transition to socialism; and, third, that only the proletariat can lead a revolution to eliminate oppression and exploitation. First-generation regulation theorists usually subscribed to the first argument; some subscribed to the second; and only a few to the third. Most actually opted implicitly for another of Gramsci’s arguments (derived from Marx’s 1859 Preface) that no mode of production disappears before its full potential has been realized – an argument that points to work on capitalism’s capacity to resolve crises through institutional innovation. In contrast, Gramsci’s revolutionary strategy was based on the growing concentration and centralization of industrial capital, the tendential elimination of free competition through monopolies and trusts, the increasing weight of banks and finance capital, the continuing extension of imperialism and the general crisis of capitalism. Such concerns were by no means extraordinary at the time: they were standard features of the Marxist–Leninist platform of the Third International and the Italian Communist Party. And they were also repeated, with the notable exception of the alleged ‘general crisis of capitalism’, in much first-generation regulation work (especially on monopolistic regulation). But these ideas also provide the measure of Gramsci’s originality on the state, state power, ideology and class relations and the significance of his interest in the implications of Americanism and Fordism for capitalism’s capacity for self-renewal and for a future socialist planned economy. They also indicate the novelty of his remarks on the determinate market (mercato determinato) and his recommendations for a new party textbook on economics (see below).

Third, Gramsci distinguished three forms of economics as a science: first, classical economics (a tradition he saw running from classical political economists such as Smith and Ricardo to contemporary Italian theorists such as Labriola and Croce); second, critical (or Marxian) economics; and, third, ‘pure’ (post-classical or marginalist) economics. He condemned pure economics for its naïve assumptions about individual rational choice and for separating the study of the economy from its broader political and social context. In this regard he clearly anticipated the arguments of all regulation theorists. Gramsci was less clear about the relationship and respective merits of classical and critical economics. This reflected his admiration for Ricardo (related, in part, to Gramsci’s friendship with Piero Sraffa, a leading Ricardo scholar and major neo-Ricardian theorist in his own right), the absence of a strong Italian tradition of ‘critical’ economics and the baleful influence of the critique from the eminent Italian intellectual, Benedetto Croce, of historical materialism in general and of Marx’s Capital in particular. Thus Gramsci often commented favourably on classical economics and derived his views on the ‘determinate market’ and ‘tendential laws’ by reinterpreting Ricardo as a leading contributor to the philosophy of praxis as well as to the science of economics (1995: 165–76). In addition, Gramsci called for a critical stance towards Marxist political economy itself, avoiding dogmatism and a premature formalization of its key arguments, and willing to update Marx’s arguments in the light of recent economic developments. This same critical spirit is one of the defining features of the Parisian regulation approach, especially its later generations, even to the extent that it has ceased in some cases to be recognizably Marxist not only substantively but also in its inspiration. Gramsci’s own reflections on critical economics are part of his more general reconstruction of historical materialism. It was in this same spirit that he proposed a new textbook in political economy that would critique the history of economic thought, present the core concepts of critical economics and illustrate them with examples accessible to a lay readership (ibid.: 176–9).

In rejecting economism, Gramsci did not, as is sometimes suggested, turn to culturalism or ideologism. He eschewed both temptations equally. For, ‘in the first case there is an overestimation of mechanical causes, in the second the voluntaristic and individual element’ (1971: 178; cf. 198–9). Instead, he held that ‘The task of historical and political analysis is to find the right “dialectical nexus between the two orders of movement”, a task that, Gramsci acknowledges, is not easy’ (Morera 1990: 91). This also means that he cannot be interpreted, as once controversially proposed by Jacques Texier (1979), as the theorist of the superstructures, of civil society, rather than the economic base. On the contrary, Gramsci sought to overcome one-sided treatments by exploring the dialectical interrelations and development of the structure and superstructure.

**THE DETERMINATE MARKET**

In commenting directly on economics as a science, Gramsci criticized the attempts of ‘pure economics’ to develop a transhistorical, universal economics. This is also the starting point, of course, of the regulation approach. This criticism is implied in Gramsci’s contrast between mercantilism, which is a ‘“mere” economic policy, in that it cannot presuppose a “determinate market” and the existence of a preformed “economic automatism”’, and classical economy, which can emerge only with the formation of this market with its automatism at a certain stage of development of the world market (1995: 163). It becomes clearer in his creative redefinition of Ricardo’s concept of ‘determinate market’ (mercato determinato) to highlight the historical specificity of economic forms, institutions, and dynamics. He suggested that
Ricardo’s concept was ‘equivalent to [a] determined relation of social forces in a determined structure of the productive apparatus, this relationship being guaranteed (that is, rendered permanent) by a determined political, moral and juridical superstructure’ (1971: 410). He likewise commented that to describe a determinate market is to describe ‘the determinate social form, of the whole as opposed to the part, of the whole which determines – to a determinate extent – that automatism and ensemble of uniformities and regularities that economic science attempts to describe with the greatest exactness, precision and completeness’ (1995: 171). Nonetheless Gramsci also argued that the development of the full implications of this Ricardian insight had to await the emergence of critical (or Marxist) economics. For classical economists, too, had treated the determinate market as an arbitrary abstraction and regarded its laws as ‘eternal’ and ‘natural’. In contrast, Marxist political economy begins from the historical character of the ‘determinate market’ and its social ‘automatism’ (as expressed in the so-called ‘invisible hand’ of the market).

Some commentators have suggested that ‘determinate market’ played the same role for Gramsci as the concept ‘mode of production’ did for Marx (Röttger 2001; Cavallaro 1997). This makes sense in terms of his contrast between the mercantilist period and the era of classical economy. But it can also function like ‘accumulation regime’ in periodizing the capitalist mode of production itself. Gramsci hints at this in referring to determinate markets that are purely competitive, purely monopolistic, or hybrids (1995: 187). The plausibility of this interpretation is reinforced when Gramsci writes that the ‘determinate market’ is ‘determined by the basic structure of the society in question and it is therefore this structure that one must analyze, identifying those of its “relatively” constant elements which determine the market and so on, and the other “variable and developing” ones which determine conjunctural crises up to the point when even its “relatively” constant elements get modified and the crisis then becomes an organic one’ (ibid.: 180). In short, Gramsci seems to analyse the ‘determinate market’ at different levels of abstraction–concretion from its generic tendencies through to its more conjunctural manifestations. This suggests that it can operate both to identify the historical specificity of capitalism (for example, in relation to mercantilism) and to distinguish specific accumulation regimes, modes of growth or even organic crises. The comparison with the regulation approach is quite evident here.

Gramsci added that critical economics should study these phenomena in terms of ‘the ensemble of the concrete economic activities of a determined social form, assumed according to the laws governing their uniformity, that is “abstracted” but without this abstraction ceasing to be historically determined’ (ibid.: 127; cf. 427; 1971: 400n, 411). Indeed he claims that, whereas pure economics adopts the notion of a determinate market for pedantic purposes and regards it as an arbitrary abstraction oriented to the dispositions of a transhistorical biological man, critical economics regards a determinate market as the product of a real process of abstraction that is historically grounded in the operation of a capitalist economy (1995: 127). Moreover, in describing the character of this determinate market, the critical economist must abstract from the individual multiplicity of economic agents in modern society to identify the laws of motion of capitalism that emerge from the activities of typical capitalists (ibid.). Thus, commenting on Croce’s misleading account of the tendency of the rate of profit to fall (hereafter TRPF), he writes:

Since any law in political economy cannot but be tendential, given that it is obtained by isolating a certain number of elements and thus by neglecting the countering forces, one should perhaps distinguish a greater or lesser degree of tendentiality and, while the adjective ‘tendential’ is usually understood to be obvious, one must instead insist on it when the tendential nature assumes an organic importance. (Ibid.: 429)

… it is not completely correct to say, as Croce does in the preface to the second edition of his book that, if the law regarding the fall in the rate of profit were established exactly, as its author believed, it ‘would mean neither more nor less than the automatic and imminent end of capitalist society’. There is nothing automatic and even less imminent about it. This inference of Croce’s is in fact due to the error of having examined the law of the falling rate of profit in isolation from the process within which it was conceived; rather than isolating it for the scientific purpose of better exposition, he does so as if it were valid ‘absolutely’ instead of being a dialectical term in a vaster organic process. (Ibid.: 432–3)

Moreover, for Gramsci, economic laws (necessities, ‘automatism’, regolarità) should be understood as tendencies. Indeed, in the language deployed above in Chapter 10, they are always doubly tendential. Thus, commenting on Ricardo’s discoveries of laws of tendency, Gramsci writes:

… these are laws of tendency which are not laws in the naturalistic sense or that of speculative determinism, but in a ‘historicist’ sense, valid, that is, to the extent that there exists the ‘determined market’ or in other words an environment which is organically alive and interconnected in its movements of development. (1971: 401)

In this sense, such tendencies can only be identified when the conditions for a distinctive economic science have emerged, that is, the generalization of exchange relations and the development of abstract labour (socially necessary labour) (cf. Gramsci 1971: 411, 412; 1995: 169, 190). For economic laws are always grounded in specific historical and material conditions; and
they are linked to the formation of a specific type of *homo oeconomicus* rather than biological man in general (1995: 167–8, 172). This is reflected in ‘popular beliefs’ and a certain level of culture (1971: 279–318, 400n, 413; 1995: 167).

This leads Gramsci to emphasize that the economy must be related to the state’s ‘ethico-political’ and its wider politico-military activities as well as to its directly economic functions. It should be related, in short, to the overall form of the ‘historical bloc’. The latter comprises a structured coherence between economic structure and the superstructures (see below). Economic regularities depend on entrepreneurs’ ability to organize the general system of relationships external to the business itself’ (1971: 6). Intellectuals have a key role here. For economic laws are secured, according to Gramsci, only insofar as one or more strata of intellectuals give the dominant class a certain homogeneity and an awareness of its own function in the social and political as well as the economic fields (ibid.: 410–14). In Gramsci’s Italy, a new class of technical intellectuals, recruited from the northern industrial middle classes rather than from the southern gentry rural petty bourgeoisie (as were the traditional organic intellectuals), had a key role here. But their activities were also mediated through a series of ideological apparatuses including the press, corporativist organizations, schools and parties. Today this role is secured through diverse institutions and organizations, including think tanks, research institutes, business schools, management consultancy and the business media as well as political parties. Where these forces are successful, a ‘historical bloc’ will develop. Gramsci also notes that the ‘conquest of power and achievement of a new productive world are inseparable, and that propaganda for one of them is also propaganda for the other, and that in reality it is solely in this coincidence that the unity of the dominant class – at once economic and political – resides’ (ibid.: 116, emphasis added).

**AMERICANISM AND FORDISM**

Gramsci identified Americanism and Fordism as a major focus for his prison writings. He links them to the new historical epoch that is introduced through the shift from a liberal, laissez-faire, competitive economy to a programmed economy that represents capital’s attempt to mobilize more effective responses to the TRPF (1971: 120, 280). Gramsci was already sensitive to this question in his years in Turin. For Lenin had published studies of Taylorism in 1913 and 1914 and, in 1918, recommended its introduction into the Soviet Union; Gramsci’s own journal, *Ordine Nuovo*, published several articles on Taylorism and its significance for Italian industry in 1919–20 (Catone 1989: 46–7), there was growing interest in its problems and potential for the working class movement (for example, Celli 1919), and returning immigrants reported on the new American system of production (Baratta 1997: 49). Gramsci’s interest was reinforced in the 1920s as molecular changes initiated in the prewar period began to crystallize into an epochal shift of world-historical significance not only for US hegemony and European reconstruction but also for the development of a programmed economy in the USSR (Vacca 1999: 209–10).

Gramsci’s notes on Americanism and Fordism explore two linked issues. One is their ‘decisive economic nucleus’ in the mobilization of major technological, economic, political and sociocultural innovations to counteract the TRPF. The other concerns the distinctive ethico-political dimensions of American Fordism. For, far from being merely a shift in industrial paradigm, these dimensions transform them into the basis for a new historical epoch favourable to American hegemony on a world scale, which will be as much ethico-political as it is grounded in technological advances and superior productivity.

First, Gramsci is absolutely clear that Fordism must be interpreted as a qualitatively new response to the tendency of the rate of profit to fall (1995: 434–5; Baratta 2004: 22–3). While his understanding of this tendency is firmly grounded in volumes I–III of *Capital* (Gramsci 1995: 429; cf. Potier 1986: 252–65), he also argues that the transition to Fordism marks a step change in the relationship between the TRPF and its countertendencies. He regarded Taylorism and Fordism as two methods of work and production that seek to multiply the variables in raising constant capital. These variables include the following:

1) the machines continually being introduced are more perfect and refined; 2) the metals used are more resistant and last longer; 3) the formation of a new type of worker, in whom a monopoly is created through high wages; 4) the reduction of waste in manufacturing materials; 5) the ever wider utilisation of ever more numerous byproducts, i.e. the saving of previously unavoidable waste, which makes possible the utilisation of waste heat energy, e.g. the heat from blast furnaces which previously was dispersed into the atmosphere is now being sent by pipe to heat living environments etc. (Through the Taylorised rationalisation of motion, the selection of a new type of worker allows a relative and absolute production greater than was previously possible with the same workforce.) (1995: 433–4)

Each of these innovations counteracts the tendency for costs to increase and profits to fall provided that individual firms can retain their competitive advantage. Payment of high wages is considered beneficial because it enables the recruitment and retention (within limits set by physical capacities and the class struggle) of workers who are best equipped, from the psychotechnical
viewpoint, for the new forms of work and production. But these innovations also have material and/or social limitations. Thus Gramsci notes the limits to automation, reliance on new materials, working class resistance to de-skillling and speed-up even in exchange for higher wages, and the eventual saturation of the world market for both consumer and capital goods (ibid.: 255–6, 434, 1971: 310–12). At this point, he argues, the economic contradiction becomes a political contradiction and must be resolved politically by revolutionary action (1995: 430). In practice, at least during the period of his reflections, it found a temporary political resolution through the American New Deal or the Popular Front in France (cf. Dockès 1993: 510–14).

Gramsci also claims that, while technical progress allows individual firms to achieve above-average labour productivity and hence surplus profit, they will lose this relative advantage as competitors adopt the new techniques. The TRPF then reasserts itself. Entrepreneurs will strive to maintain their initial advantage as long as possible through patents, industrial secrets, and so on, and through permanent innovation in all aspects of work and production, even seemingly negligible ones. He saw this as the driving force behind Ford’s whole industrial activity and, indeed, his attempt to move beyond the strictly industrial field of production to logistics and sales too (1971: 285; 1995: 431).

This is why Gramsci’s notes on Americanism and Fordism highlight the struggle to shape and reinforce social norms of production and consumption that sustain the emerging accumulation regime:

- Scientific publications concerning the new work systems introduced from America are interesting also from a psychological point of view and so are the measures taken by American industrialists such as Ford. He has a body of inspectors who supervise and regulate the private life of his employees: they supervise the food, the beds, the cubic capacity of the rooms, the rest hours, and even more intimate matters. Whoever does not conform is dismissed and loses his minimum salary of six dollars a day. Ford pays this minimum, but wants people who know how to work and who are always fit for work, in other words, who know how to coordinate their work with their way of life. We Europeans are still too Bohemian; we think we can do a certain job and live as we please, in Bohemian fashion. (Gramsci 1979: 181–2 [cf. letter dated 20.10.1930, in 1994: 356]; also 1971: 303–5, 310–11)

This account relates to his claim that hegemony in the emerging Fordist system in the United States ‘is born in the factory and requires for its exercise only a minute quantity of professional political and ideological intermediaries’ (1971: 285; cf. 1995: 260). This was possible because of the destruction of working-class trade unionism organized on a territorial as opposed to plant basis and through persuasion, notably based on high wages, social benefits and ideological and political propaganda (1971: 285). Outside the factory, at least in Ford’s factory towns, it was coupled with rigorous discipline of sexual instincts, the strengthening of the family and household unit, and training workers to spend their high wages rationally (ibid.: 300–303). More generally Gramsci links the rise of Fordism to Puritanism (for example, the failed attempt at prohibition of alcohol consumption) (ibid.: 299–304). Thus, even in the USA, the struggle to establish a new accumulation regime extends far beyond the labour process.

It would be even harder to implant Fordism in Europe. This is because of the deadweight of tradition, the incrustations of the past that must be swept away, and the presence of parasitic classes and strata (ibid.: 281, 285, 317). This argument anticipates regulationists claims about the necessary hybridization that accompanies the transfer of modes of development (Boyer 1998). It also explains why Gramsci was interested in the ambivalent status of corporatism in Italy as a form of passive revolution promoted by an autonomous industrial productive bloc that was committed to modernizing Italian industry in opposition to semi-feudal and parasitic elements. Corporatism sponsored by the fascist state would create a large internal market, generate its own savings and lead to the euthanasia of the parasitic ‘producers of savings’ among the small rural bourgeoisie in the Mezzogiorno, and marginalize organized labour or else incorporate them into the rationalization process (1971: 120, 291, 293–4; cf. de Felice 1977). This insight is even more compelling in today’s post-Fordist conditions as attempts occur to realign an ever-wider range of extraeconomic institutions with the so-called demands of international competitiveness.

This analysis did not lead Gramsci to celebrate Americanism and Fordism as a permanent solution to capital’s contradictions. Instead he stressed the transitoriness of Fordism’s high wages and high profits once its methods became generalized and monopoly rents were competed away (1971: 310–11). He also noted that, even in its heyday, high wages were confined to a labour aristocracy; that Ford’s workers resented the speed-up, long hours and alienation involved in the Fordist labour process; and that labour discipline also depended on the continued presence of a reserve army of labour in the unemployed (ibid.: 310–13). The economic crisis in 1929 and depression in the early 1930s reinforced these limitations and marked the end of the economic–corporate phase of the Fordist revolution with a passive economic and political revolution in the New Deal signifying the primacy of political interests in social cohesion over narrow financial interests, while retaining power in the hands of the ruling class (1995: 260).

More on the Decisive Economic Nucleus

Gramsci argues against the conflation of economics and politics. In part this was because, once the conditions for the determinate market are established,
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‘economic thought cannot merge into general political thought, i.e. into the concept of the state and the forces which it is thought should come together to constitute it’ (1995: 163). In particular, the institutional separation of the economic and political entails that politics cannot be read off mechanically from the economic structure. Thus he argued that many features of politics (especially in the short term) are due to political miscalculation, the impact of specific political conjunctures, or organizational necessities of different kinds that have little, if any, direct connection to the economic structure (1971: 408–9). In the longer run, however, he stressed that viable hegemonic projects (and, one might add, accumulation strategies) must have some organic connection to the dominant mode of growth:

Although it is certain that for the fundamental productive classes (capitalist bourgeoisie and modern proletariat) the State is only conceivable as the concrete form of a determinate economic world [cf. determinate market – BJ/NLS], of a determinate system of production, this does not mean that the relationship of means to end can be easily determined or takes the form of a simple schema, apparent at first sight. … conquest of power and achievement of a new productive world are inseparable: propaganda for one of them is also propaganda for the other … in reality it is solely in this coincidence that the unity of the dominant class – at once economic and political – resides. (Ibid.: 116, modified translation, italics added)

Thus Gramsci also argued that, ‘though hegemony is ethical–political, it must also be economic, must necessarily be based on the decisive function exercised by the leading group in the decisive nucleus of economic activity’ (ibid.: 161). They cannot just be ‘arbitrary, rationalistic, and willed’ but must have some chance of forming and consolidating a historical bloc (ibid.: 376–7).

This claim can be interpreted in four ways. The first would be that hegemony can only be exercised by the fundamental classes (bourgeoisie and proletariat). In other words, whereas the bourgeoisie is the only possible hegemonic class in a consolidated capitalism, only the proletariat can develop an organic and enduring counterhegemonic project to overthrow capitalism. This interpretation is class reductionist and determinist and ignores the mediating role of organic intellectuals (who may not belong to the two main classes) (Portelli 1973).

Second, returning to an argument from the Turin period, it could mean that it is only the class that controls the organization of production that can exercise economic and political power. For, in an unsigned article published in his journal, Ordine Nuovo, in 1919, Gramsci argued for workers’ councils because ‘Only on the basis of this type of organization will it ever be possible to make the work units aware of their capacity to produce and exercise sovereignty (sovereignty must be a function of production), without need for the capitalist and an indefinite delegation of political power’ (1977: 91). The problem with this interpretation is that Gramsci spent his prison years seeking to distance himself from his syndicalist and economistic tendencies from the Turin period and to elaborate the complexities of the state and political power.

Third, it could mean that hegemony’s essential function is to ensure the reciprocal relationship between the economic (and extraeconomic) needs of the mode of growth by creating appropriate forms of ‘economic man’ (and, of course, woman) and aligning the economic structure and its superstructure. In other words, a hegemonic project must secure the (integral) economic base of the dominant mode of growth; and it does this through the direct, active conforming of all social relations to the economic (and extraeconomic) needs of the latter. Thus Gramsci argues that ‘every State is ethical in as much as one of its most important functions is to raise the great mass of the population to a particular cultural and moral level, a level (or type) which corresponds to the needs of the productive forces for development, and hence to the interests of the ruling classes’ (1971: 258). This reading is better than the first but still risks a residual (albeit integral) economism.8 But why should we assume that the highest priority in society is always and everywhere explicitly given to economic development? There is ample evidence that, in some historical circumstances, other priorities can exist, such as the demands of ‘national security’ (whether in the form of ‘strong army, rich nation’ or in the form of national development to combat the threat of communism). In addition, where a historical bloc has already been constituted around a given accumulation regime and the latter is operating smoothly, hegemonic projects may be able to prioritize issues such as social welfare. The boom years of Fordism illustrate this possibility. Conversely, in periods of economic crisis, the economy would re-emerge as the decisive issue in struggles for hegemony.

A fourth interpretation, consistent with the third, is that all feasible organic hegemonic projects must respect (or take account of) ‘economic determination in the last instance’. Gramsci argues the economy is nothing but ‘the mainspring of history in the last analysis’ (ibid.: 162). Only by examining forms of consciousness and methods of knowledge can one decipher the necessarily indirect impact and repercussions of economics within the wider society (ibid.: 162, 164, 167, 365). Thus ‘an analysis of the balance of forces – at all levels – can only culminate in the sphere of hegemony and ethico-political relations’ (ibid.: 167). In this sense, political forces have a vested interest in securing a productive economic base that generates political resources and permits scope for making material concessions. Wealth must first be produced before it can be distributed. From an integral political
viewpoint, this does not mean that economic growth is invariably accorded the highest political priority, even when such growth is understood integrally. It implies only that political agents must address the economic conditions of juridico-political and/or politico-military power and be sensitive to the political effects of economic developments (cf. Palombarini’s case study of postwar Italy, 2001). Thus, whilst certain economic–corporate interests of (fractions of) the bourgeoisie can be sacrificed, the essential foundations of capitalism must be respected. In addition to hegemony directly and explicitly based on an accumulation strategy, therefore, hegemony could also establish other priorities provided that the core conditions for capital accumulation are not thereby irrevocably undermined.

The Historical Bloc

We can develop these ideas by considering Gramsci’s analytical distinction between historical bloc and power bloc. The first term has major implications for the RA, the second for investigating the state as a social relation. Gramsci employs ‘historical bloc’ to solve the perennial Marxian problem of the reciprocal relationship between the material ‘base’ (in Gramsci’s terminology, the economic ‘structure’) and its politico-ideological ‘superstructure’. Rather than privileging one or other term, however, Gramsci addresses this problem by asking how ‘the complex, contradictory and discordant ensemble of the superstructures is the reflection of the ensemble of the social relations of production’. His answer is that the historical bloc reflects ‘the necessary reciprocity between structure and superstructure’ (1971: 366). In part this reciprocity emerges through the structural coupling and coevolution of interdependent structural and superstructural ensembles but a key role also falls to the state in both its narrow political sense and its enlarged sense of ‘political society + civil society’. The latter is linked to Gramsci’s definition of the state in its inclusive sense as ‘the entire complex of practical and theoretical activities with which the ruling class not only justifies and maintains its domination but manages to win the active consent of those over whom it rules’ (ibid.: 244). The reciprocity between structure and superstructure therefore also depends on specific intellectual, moral and political practices that translate narrow sectoral, professional or local (in his terms, ‘economic–corporate’) interests into broader ‘ethico-political’ ones. Only thus does the economic structure cease to be an external, constraining force and become a source of initiative and subjective freedom (ibid.: 366–7).

In this context Gramsci also suggests that the hegemony gets consolidated through the construction of new automatisms, new rationalities, which enable the social ensemble to be reproduced at various levels in response to new needs (Cavallaro 1997: 64).

Thus the ethico-political not only helps to co-constitute economic structures but also provides them with their rationale and legitimacy. Analysing the historical bloc in this way can show how ‘material forces are the content and ideologies are the form, though this distinction between form and content has purely didactic value’ (1971: 377). Formal regulationist concepts such as ‘industrial paradigms’, ‘models of development’ (Lipietz 1987a) and ‘societal paradigms’ (Jenson 1990b, 1993a) find implicit parallels in Gramsci’s use of more substantive notions such as Americanism and Fordism. They bring out the importance of values, norms, vision, discourses, linguistic forms, popular beliefs, and so on, in shaping the realization of specific productive forces and relations of production. In this sense, a historical bloc can be defined as a historically constituted and socially reproduced correspondence between the economic base and the politico-ideological superstructures of a social formation. Stripped of its historical materialist ‘structure–superstructure’ jargon, this concept is easily redefined in regulationist terms. Thus a historical bloc could be understood as the complex, contradictory and discordant unity of an accumulation regime (or mode of growth) and its mode of regulation (cf. Boyer 2004b: 29). The dialectical relation between form and content could then be seen to develop through the co-constitution of the accumulation regime as an object of regulation in and through its coevolution with a corresponding mode of regulation (Jessop 1990b: 310; Painter 1997). Or, to paraphrase Gramsci’s own comments on the state and state power, one could say that the economy in its inclusive sense comprises an ‘accumulation regime + mode of regulation’ and that accumulation occurs through ‘self-valorization of capital in and through regulation’. There is always a strong ethico-political content to this regulation and its role in shaping specific productive forces and relations of production. This can be seen in struggles to secure the hegemony of particular accumulation strategies.

The Hegemonic Bloc

This concept was introduced in Gramsci’s discussion of class alliances and/or national–popular forces mobilized in support of a particular hegemonic project. It refers to the historical unity, not of structures (as in the case of the historical bloc), but of social forces (which Gramsci analysed in terms of the ruling classes, supporting classes, mass movements and intellectuals). A hegemonic bloc is a durable alliance of class forces organized by a class (or class fraction) that has proved it can exercise political, intellectual and moral leadership over the dominant classes and the popular masses alike. Thus Gramsci notes that ‘The historical unity of the ruling classes ... results from the organic relations between State or political society and “civil
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Although this argument has generally been applied to the national state, it can also be used in studying supra- and sub-national regimes (on Gramsci’s analyses in this regard, see Jessop 2005b). Regulationist examples include van der Pijl (1984) on the Atlantic ruling class in Fordism; van Apeldoorn’s analysis of a European transnational class (1998, 2002); Candélia’s analysis of a transnational neoliberal class (2004); Dulong’s study of the local state and hegemony in French regions and communes (1978); and Lipietz’s analysis of regional armatures (1994a).

Gramsci himself recognizes several degrees and forms of political rule. They range from an inclusive hegemony that secures the active consent of the majority of all classes, through more limited forms of hegemony based on selective incorporation of subordinate groups (or, at least their leaders) and limited, piecemeal material (‘economic–corporate’) concessions, to a resort, in exceptional cases, to generalized coercion (1971: 105–6). Gramsci remarks, for example, that the dominant economic class in Italy’s medieval communes was unable to create its own category of intellectuals and so failed to build a solid hegemony. The communes had a more confederal, ‘syndicalist’ nature: rather than having a hegemonic bloc, they rested on a mechanical bloc of social groups, often of different races, with some subaltern groups having their own parastatal institutions and enjoying considerable autonomy within broad limits set by coercive police powers (ibid.: 54n, 56n). Elsewhere Gramsci criticizes urban politics in non-industrial cities, such as Naples, which serve primarily as unproductive centres for regional government and the consumption of parasitic classes and strata; he also notes that their dominant intellectual strata are more likely to be ‘pettifogging lawyers’ than the technocrats who predominate in northern industrial cities (ibid.: 90–4, 98–100).

**Gramsci and lo Stato Integrale**

Gramsci emphasized that the state was always present in the regularization of the capital relation (*mercato determinato*). His analysis of the state extended far beyond the institutions of government, narrowly defined, to include a wide range of other apparatuses, institutions and organizations. His work was as concerned with what we now call ‘governance’ as it was with ‘government’ (Chapter 8). Governance is important for neo-Gramscian political analysis and the regulation approach. It is relevant to the ‘microphysics’ of power, that is, the channels through which diverse state projects and accumulation strategies are pursued and, indeed, modified during implementation. Because state power is realized through its projection into the wider society and its coordination with other forms of power, one must look beyond formal government institutions to a wide range of governance mechanisms and practices. Likewise, governance is relevant to the everyday practices in and through which the structural forms of regulation are instantiated and reproduced.

Gramsci emphasized that questions of political practice cannot be reduced to issues about modes of production or fundamental economic relations. The overall structure of a social formation and its integration in the imperialist system certainly do affect the form of state, the course and outcome of political crises, the possibilities of establishing hegemony over other social forces and the likelihood of a successful transition to socialism. But these effects are neither unconditional nor unilateral. They are always subject to the mediation of political forces and ideological practices whose specific form and impact are relatively autonomous. A critical economics must therefore be combined with a critical Marxist theory of politics in order to understand their organic unity (cf. the quotation on p. 351 above). Thus Gramsci argued that the most favourable conjunctures for proletarian revolution do not necessarily occur in countries where capitalism is most advanced but may emerge instead where structural weaknesses in the capitalist system make it least able to resist an attack by the working class and its allies (1978: 345). Likewise, although economic crises may cause the state to tremble and/or objectively weaken it, they cannot in themselves create revolutionary crises or produce great historical events (1971: 230–39, 243, 257–70). This led Gramsci to focus on the constitution of the political and ideological ‘superstructures’ and the ways in which the relations of political forces shape capital’s ability to reproduce its class domination. He also emphasized that political relations are decisively influenced by ideological practices, which he endows with their own institutional foundations, social supports and important repercussions. This means that a revolutionary movement cannot restrict itself to economic struggles but must combine them with political and ideological struggles for the ultimate goal of seizing state power, socializing capitalism and creating a new social order.

This concern with the influence of the political and ideological superstructures and the relative autonomy of the political balance of forces is closely connected to Gramsci’s analysis of *lo stato integrale*, that is, the state ‘in its inclusive sense’. For the state is far from a simple instrument of class rule by the dominant economic class or a simple epiphenomenal reflection of the economic base. Instead it has an active role in the organization of economic relations and class domination, in securing the long-run interests of the bourgeoisie, in facilitating concessions to subordinate classes and in securing the active consent of the governed and/or effectuating their disorganization. This approach is linked to his equation of the state with ‘political society + civil society’ and his claim that state power in the West rests on ‘hegemony armoured by coercion’ (ibid.: 261–3). This equation
is linked to his morphological contrast between the state in the East and West. For Gramsci argues that the weight of hegemony and the hegemonic apparatuses is much greater in the advanced capitalist formations of Europe and North America than it was in the backward conditions of Tsarist Russia. The weakness of the institutions of civil society and the tenuous hegemony of the ruling groups in Russia fused with the collapse of the military-police forces in a formerly repressive state to permit a rapid and violent destruction of state power (Gramsci, 1971: 238, 243; 1978: 198–200, 408–9). In contrast, following the consolidation of imperialism in the 1870s, the development of parliamentary democracies with their massive complexes of institutions and organizations in civil society, and the flexibility inherent in such governmental systems (1971: 179, 242–3; cf. Poulantzas 1973, 1978), the moment of hegemony acquired decisive weight in securing class domination and enabled the ruling class(es) to respond effectively to economic crises and other threats (such as military failure) to their authority (1971: 184–5, 210–11, 235, 238). This led Gramsci to emphasize the need for a different kind of revolutionary strategy oriented to a long-term war of position and based on the exercise of political, intellectual and moral leadership as well as preparation for an eventual politico-military resolution of the struggle for state power. This would become even more important with the development of American Fordism, with bourgeois hegemony being rooted directly in the factory and the private sphere and, later, mass consumption and a developed welfare state.

Given this approach to the state, Gramsci did not concentrate on the constitutional and institutional features of government, its formal decision-making procedures or its general policies (the state in its narrow sense). For the key to his new approach is his emphasis on the organic relations between the governmental apparatus and civil society. Rather than treating specific institutions and apparatuses as technical instruments of government, he relates them to their social bases and stresses how their functions and effects are influenced by their links to the economic system and civil society. This emphasis stems from Gramsci’s concern with the maintenance of class domination through a variable combination of coercion and consent. For, if one focuses on the exercise of state power rather than the internal organization of the state apparatus, the overall effects of state intervention will depend on the total ensemble of social relations. Accordingly he explored how political, intellectual and moral leadership was mediated through a complex ensemble of institutions, organizations and forces operating within, oriented towards, or located at a distance from the juridico-political apparatus. This led him to explore the roots of state power in the economy (for example, hegemony born in the factory in American Fordism) and civil society (for example, Fordism, Americanism, education, intellectuals) as well as in different branches and levels of the state apparatus itself. Further, since Gramsci refuses to reduce political practice to an automatic effect of class belonging or to identify all political subjects as class subjects, he also examined how political support is established and/or undermined through economic, political and ideological practices that go beyond the field of class relations to include the whole field of social relations.

Moreover, because all of these issues vary across time and space, Gramsci was careful to consider state power over different time horizons and conjunctures and to examine its grounding in different spaces, places and scales without ever privileging the national state. Thus, in addition to his notes on national politics (especially in Italy and France), he also commented on other scales of political, economic, intellectual and moral life, the global through the transatlantic to the continental (North America, Europe, Russia) down to the regional, urban and rural. The importance of these subnational scales can be seen from Gramsci’s notes on communal politics in medieval Italy as well as incidental remarks on contemporary cities such as Turin, Rome and Naples. More generally, his approach is inherently multiscalar because it plays down the importance of sovereign states with their monopoly of coercion and allows more weight to other apparatuses, organizations and practices involved in exercising political power (see Jessop 2005b).

REGULATION, THE INTEGRAL ECONOMY AND POST-FORDISM

Gramsci’s historical analyses inspired, inter alia, Aglietta’s studies of American Fordism, its relevance to France and the likely nature of neo-Fordism (1974, 1979). His political analyses have also influenced other Parisian theorists (for example, Lipietz, Delorme and André, Lordon, Palombarini), the Amsterdam school and German regulationists (especially Häusler, Hirsch, Demirovic, Candeias, Sablowski and Röttger). Yet regulationists do not mention Gramsci’s direct comments on economics even though they clearly study, as we have seen, the economy in an inclusive sense and, indeed, develop arguments similar to Gramsci’s account of the mercato determinato.

The parallel is particularly striking in the case of the early Aglietta, who emphasized that regulation ‘creates new forms that are both economic and non-economic, that are organized in structures and themselves reproduce a determinant structure, the mode of production’ (1979: 13, 16). Aglietta was initially interested in the economic and social moments of economic regulation. The former refers to the key role of economic exchange and
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In his work, many regulationists have increasingly focused on the ‘social’ moments of regulation to the neglect of the economic. This seems to move them even closer, albeit implicitly, to a Gramscian perspective. This impression is reinforced by key theorists’ references, this time quite explicit, to the need to strengthen the regulationist account of the state (a topic they regard as undertheorized within the French regulation approach) with Gramscian or neo-Gramscian ideas (for example, Aglietta 1979; Boyer 1990c, 2004b; Häusler and Hirsch 1987; Jenson 1990b; Lipietz 1987a, 1994a; London 1997a, 2002; Noël 1991; Palombarini 1999, 2001; see also Chapter 3).

Gramsci was concerned with the rise of Fordism and its diffusion from America to Europe and, indeed, the rest of the world. He also anticipated aspects of the crisis of Fordism as the Fordist growth model was generalized. His views are also relevant to the rise of post-Fordism. Gramsci and the regulationists seem to agree that the economic crises of an accumulation regime (as opposed to crises in that regime) involve a crisis in the mode of regulation that extends far into the superstructures; and that the rise and consolidation of a new accumulation regime and its mode of regulation always involves a ‘cultural revolution’ and radical institutional innovation. This is reflected in the crisis of Atlantic Fordism with its wide-ranging repercussions in ‘the state in its inclusive sense’ and the search to overcome that crisis through an equally wide-ranging reorganization of the economy, state and civil society. Organic intellectuals linked to the dominant class have played a key role here. Major political, intellectual and moral struggles have occurred in shaping the emerging post-Fordist modes of regulation with their new, more flexible homo oeconomicus, new norms of production and consumption, new discourses and societal paradigms, new structural forms and institutional supports and new modes of government and governance. Accumulation strategies are being redefined for different spatial scales from international regimes through supranational blocs to national and regional economies and thence to the local. Indeed the crisis of Fordism, with its relative primacy of the national level, has made interscalar articulation even more relevant. Nonetheless, despite all this ideological ferment, no clearly hegemonic post-Fordist historical bloc has yet emerged. This is largely because of difficulties in finding the structural forms that might regularize the core contradictions in the decisive economic nucleus of post-Fordism. Even as the neoliberal economic strategy and hegemonic project was being extended into post-communist economies, it was already appearing as ‘arbitrary, rationalistic and willed’ in its original heartlands. This explains the renewed interest in flanking and supporting mechanisms that would enable the development of ‘embedded neoliberalism’ (Chapter 8). Yet the most obvious alternative capitalist solutions to neoliberalism also seem to be failing in the face of an intensified international competition through which ‘bad policy’ seems to destroy ‘good policy’.

CONCLUDING REMARKS

Gramsci’s reflections on economics and politics anticipate several regulationist arguments. Here we can particularly mention (1) the determinate market; (2) the regolarità (regularities) of different modes of development; (3) the political, the ethico-political and the psycho-economic moments of economic regimes; (4) the historical bloc; and (5) institutionalized compromise and hegemonic blocs. These themes all concern the relative stability of capitalism, its capacity to respond to crises and the bases of economic class domination. At the same time, however, and in contrast to all three French schools, the Nordic school, and the radical American school, Gramsci was also concerned with the historically specific modalities of political power in their inclusive sense. He studied how specific mixes of hegemony, coercion, domination and leadership enable a historically specific power bloc to project power beyond the state and thereby secure the conditions not only for economic exploitation and capitalist reproduction but also for political class domination and social cohesion. These themes can also be found in the Amsterdam school and, above all, in the German school. In addition, he highlighted the importance of organic intellectuals and ideological struggles in the construction of historical blocs and the creation and consolidation of political hegemony.

These Gramscian concerns differ significantly from most regulationist analyses and indicate some basic limitations to the mainstream RA as it has developed since the mid-1970s. For the regulation approach is still overwhelmingly concerned with the economic moments of the state rather than with its more inclusive operation; and, although it refers gesturally to ideas, conventions, strategies, habitus and so on, it has a dramatically underdeveloped set of concepts for the analysis of semiosis and ideological struggles. Yet there is increasing recognition of the importance of ‘representations’ (visions, projects, and so on) in the mediation of institutional transformation (Boyer 2004b: 177–9; London 1997a; see also Scherrer 1995). Conversely, regulationists have devoted more effort to the modalities of economic regulation (the wage relation, money and credit,
forms of competition, international regimes, the state) that regularize, discipline and guide microeconomic action within limits compatible in given historical circumstances with capitalist expansion. They are also more attuned to the contradictions, dilemmas and dynamics of specific accumulation regimes at the micro, meso and macro levels. In short, both approaches examine the strategic selectivity of specific regimes (political or economic respectively) and their implications for class domination (political or economic).

In combining these approaches, we can strengthens each of them. Gramsci’s own work is marred by its gestural (albeit theoretically tantalizing) treatment of the ‘decisive economic nucleus’ of hegemony. This neglect is often more serious in recent neo-Gramscian work. The RA offers one way to remedy this deficiency and is intrinsically compatible with Gramscian concepts. In particular, drawing on first-generation work as well as subsequent developments, we can reinvigorate critical analysis of the contradictions and dilemmas of capital accumulation. Conversely, the RA is regularly criticized for its neglect of the distinctive dynamic of the state system and political regimes and its general inability to analyse the nature and dynamics of semiosis. Only a few theorists (mostly working outside the Parisian mainstream) have paid much attention to the specificities of the state system or semiosis, yet regulationists should examine how economic issues are first translated into political problems for action by the state in its inclusive sense and how their solution is mediated by the structurally inscribed, strategically selective nature of political regimes. The latter can be understood in terms of the complex articulation between government and governance and the state’s role in metagovernance (see Chapter 8). Finally, the RA has neglected the ethico-political dimension of regulation and, in particular, the key role of economic discourses, the organic intellectuals involved in elaborating accumulation strategies and hegemonic projects, and their implications for the formation of economic subjects. Nonetheless, further theoretical work is required to establish more detailed conceptual linkages and logical connections between Gramsci’s arguments and the regulation approach to produce a coherent cultural political economy.

NOTES

1. Although Gramsci did not mention ‘economia integrale’, it is quite consistent with his approach. He used ‘integrale’ for an object that is considered in its organic interconnections with the ensemble of social relations as well as in his discussion of ‘determinate market’ (see below).

2. Other commentators prefer other entry points, such as passive revolution, the role of intellectuals, the historical bloc, or the role of the ‘modern prince’ (the revolutionary political party) in forming a collective will.

3. The others are: (1) Italian history in the nineteenth century, with special attention to the formation and development of intellectual groups; (2) the theory of history and historiography (1992: 257).


7. A technological or economic reductionist might think that Gramsci should have presented this pair of concepts the other way round, that is, Fordism and Americanism, so that the technological or economic structure precedes the various moments in the superstructure. But this depends on the meaning of these two terms. Gramsci is ambiguous. On one hand, Americanism sometimes refers to the ‘American system of production’ based on Taylorism and Fordism; and Fordism to the development of a new type of economic subject and way of life conforming to the new system of production. This view is supported by Gramsci’s reference to the argument for corporatism put forward by Fowell, that is, that it would enable Italy to introduce ‘the most advanced American systems of production and labour’ (1971: 289; on the American system, see, for example, Hounsell 1984). This reading is also indicated in Hoare and Smith’s introduction to Gramsci’s notes on ‘Americanism and Fordism’ (1971: 279–9), Catone’s commentary on Americanism as a mode of production (1989) and Baratta’s comment that Americanism is a new mode of production and Fordism is an embryonic mode of hegemony (1997: 29). On the other hand, Fordism sometimes refers to the system of mass production and Americanism to American civilization and its world hegemony.


9. Boyer also links this theme to hegemonic blocs (2004b: 29). American SSA theorists come even closer to the concept of historical bloc. See, for example, Kotz, McDonough and Reich, 1994a.


Conclusion: putting capitalist economies in their place

This book has only scratched the surface of many themes associated with the RA and has neglected many other important aspects. Indeed, given the variety of schools and their several generations of work, it is hard to provide an overall assessment of the merits (and demerits) of the regulation approach in its many and varied manifestations. The fact that the RA is a progressive paradigm with many active researchers across many different fields means that it is impossible to be completely contemporary with its theoretical development. Our principal concern so far has been to identify and discuss some of the common features of the RA, to locate it within the philosophy of the social sciences (including economics) and broader trends in institutional and evolutionary economics, and to provide the context for our own efforts both to interpret, apply and extend the regulation approach. We have therefore outlined the main elements of the regulationist research programme, identified its principal schools and considered their development during the 30 years or so since its inception. In the latter regard we have focused particularly on the dominant Parisian school. Because our own approach to regulation is closer in crucial aspects to the Amsterdam and West German schools, however, we will return to some of their major recent contributions in our companion volume.

Our first encounter with regulationism in Chapter 1 ended with the claim that, despite its theoretical and methodological problems and the inconsistencies within and across its different schools, the basic research agenda in early regulationist work was (and remains) worthwhile. Its ultimate aim was to produce concrete analysis of concrete conjunctures through a rich and complex range of economic and political concepts directly related to the core features of capitalism. It had begun to develop an interesting set of intermediate concepts for analysing specific stages of capitalist development and specific varieties of capitalism and was especially concerned to put capitalist economies in their place by insisting on the improbability (if not impossibility) of continuing capital...economies within their important extra-economic contexts – concepts such as modes of growth and international regimes for economic analysis, forms of state for political analysis, modes of regulation and historical blocs for societal analysis and a broad recognition of the general role of culture in all these respects.

Subsequent chapters have shown the continuing progress of this new research programme in evolutionary and institutional economics and successive generations of regulationist work have demonstrated incremental empirical expansion, progressive conceptual deepening and, in some cases, radical ruptural theoretical developments (see especially Chapter 7). There is little doubt in our minds about the very positive achievements of the regulation approach in its different guises relative to those of orthodox economics, which, far from seeking to put capitalist economies in their place, attempt to treat economic activities in universal, transhistorical terms and to treat economics either in isolation from wider political, social and cultural influences (which are regarded as extraneous sources of friction or as purely exogenous variables) or, conversely, as an imperialist discipline that should be extended to explain these wider phenomena with the tools of orthodox economics.

Nonetheless attentive readers will also have noted that we do not believe that the regulation approach has realized its full potential as a contribution to the critique of political economy. This is signified in our emphasis on the paradox of success and failure in the dominant Parisian school and in other schools too. In particular we have noted the extent to which the Parisian regulation approach has lost the battle with orthodox economics and is now seeking a rapprochement with other forms of evolutionary and institutional economics and drawing on concepts from a broad range of other social science disciplines. We welcome this commitment to dialogue and to interdisciplinarity. But we also wonder whether it has come at the price of an increasing eclecticism that comes from an emphasis on middle-range theoretical convergence and/or the listing of similarities and differences between different approaches at a middle-range level. We believe that theoretical dialogue should dig deeper to establish the ontological, epistemological and methodological foundations of different theoretical approaches as a basis for their subsequent articulation (cf. Smith 2000: 4–10, 222–45). For not all theoretical approaches that have something to ‘say’ about specific middle-range phenomena or processes are really theoretically commensurable. This is why we returned in our final three chapters to basic theoretical questions concerned with the philosophy of social science, issues of periodization and the strategic–relational approach to the integral economy and the integral state. It is only on this basis, we think, that long-term progress can be made in linking some form of regulationist analysis of political economy with parallel theoretical enquiries into other features of the social world.
We highlighted this conclusion at the end of Chapter 1, which was originally written in 1988 and published in 1990. This ended with a call for a synthesis of regulationist, state theoretical, and discourse-analytic concepts; all three approaches work with realist ontological and epistemological premises; they have each produced concepts to describe the underlying causal mechanisms, powers, liabilities, tendencies and countertendencies in their respective fields; and they have also produced concepts on a middle range, institutional level to facilitate detailed conjunctural analyses. The RA and state theory have also been concerned with stages and phases of capitalist development rather than with abstract laws of motion and tendencies operating at the level of capital in general and/or the general form of the state. But the three approaches differ in their emphases on different institutional clusters in the process of societalization. The RA stresses the successful development and institutionalization of a mode of regulation whose principal features are defined in terms of their contribution to maintaining the capital relation. State theory is more concerned with the state’s central role as a factor of social cohesion in class-divided societies more generally and is more inclined towards politicism. Discourse analysis, strongly influenced by Gramsci’s work on hegemony, emphasizes political, intellectual, and moral leadership. In short, while all three approaches concern societalization, they tend to prioritize economic, political, and ideological factors respectively. (Jessop 1990a: 205–6; cf. this volume, p. 53)

In other words, we believe that the regulationist research programme has much to contribute to a critical social science when combined with state theory and critical discourse analysis. Combining these theoretical approaches will enable regulationists to put the capitalist economy in its place far more effectively than they have managed hitherto. The RA faces, as Boyer noted, the permanent temptation of economism that occurs when economists concentrate on economic analysis (1990c: 14–15). This risk can be reduced by developing theoretically commensurable sets of concepts for political and ideological analysis that have the same depth and breadth (and hence the same general capacity to move from abstract–simple analyses to concrete–complex analyses) as those developed within the regulation approach. We have already noted the risks of economism, functionalism and voluntarism in regulationist analyses of the state and politics that stem from the tendency in early work simply to introduce the state into their accounts of regulation as needed and/or to subsume it under a general account of structural forms. Thus its conceptual and theoretical apparatus for economic analysis was far richer and more complex than for the analysis of the state and politics. Such asymmetries can lead to voluntaristic or functionalist analyses of state action or to its treatment as an exogenous variable. In this sense, it is not sufficient to claim that the RA recognizes the importance of the state; it is also essential to provide an adequate range of concepts and theoretical assumptions to do justice to that importance. Despite significant progress in most schools (the West German approach was always an exception in this regard), however, this asymmetry remains and is still especially marked in the Parisian approach.

The same point holds even more powerfully (up to and including the latest RA work) for the ideological field and semiosis more generally. Here the regulation approach has drawn somewhat haphazardly, as and when needed, on a wide range of theoretically incommensurable concepts and approaches for its analyses of strategies, projects, visions and imaginaries. The current fashion for concepts such as Bourdieu’s habitus does not solve this problem. Indeed, this is one reason why we regard Gramsci not only as a proto-regulationist but also as a post-regulationist. For he developed a more balanced (if still insufficiently elaborated) set of concepts for economic, political and ideological analysis that are theoretically commensurable. Deploying this would enable an investigator to explore the social world from different starting points while still ending with an equally complex–concrete analysis of the current conjuncture (cf. Gramsci 1971: 402–3). Gramsci is an important source of inspiration for our own approach in this regard but, because his innovative work was never completed, let alone presented systematically at different levels of abstraction–concreteness and different degrees of simplicity–complexity, further work is needed to develop its potential. Nonetheless we believe that a critical cultural political economy that draws on Gramsci can offer one means to overcome the regulation approach’s economic one-sidedness. We will make our own modest contribution to this project in our second volume by showing how to combine critical political economy with critical semiotic analysis within a strategic–relational, evolutionary and institutional approach to capitalist social formations (see also Jessop 2004a) and apply this approach to phenomena as varied as money, intellectual property, economic imaginaries and corporate social responsibility. To promote this research agenda, which is pre-disciplinary in its inspiration and post-disciplinary in its orientation (Jessop and Sum 2001), it is also essential to return to some of the insights of the first-generation regulation theorists. For, if the aim of cultural political economy is to describe, explain and critique the nature of capital as a social relation, it is necessary to begin with the inherently contradictory nature of that relation. We have consistently argued in this volume that the capital relation is characterized by different forms of the basic contradiction in the commodity form between use value and exchange value. This follows from the historically specific character of capitalism as a mode of production based on the generalization of the commodity form to labour power, which nonetheless remains a fictitious commodity. Early regulationists, such as Aglietta and Lipietz, were well aware of this and based their analyses on these contradictions. Subsequent generations of Parisian regulationist work have lost sight of this
and have turned from the abstract–simple analysis of the capital relation to more middle-range analyses of different institutional configuration and/or combinations of structural forms. Thus the building blocks of the regulation approach risk being reduced to five different institutional complexes: the capital-labour nexus, money and credit, enterprise forms and modes of competition, forms of state and politics, and international regimes. These may well provide an excellent reference point for dialogue among different middle-range theoretical approaches but it may then be easily forgotten that these institutional complexes developed as mediations of underlying social forms that are inherently contradictory (cf. Röttger 2001, 2003). Whilst it is certainly the case that changes in these complexes modify the forms of appearance of the underlying contradictions and antagonisms, analyses that focus primarily on changing combinations of institutional forms at different stages of capitalism and/or in different varieties of capitalism could encourage the view that any crisis tendencies or actual crises are the product of institutional failure, institutional mismatch or an incapacity for institutional learning. We attempted to escape from this theoretical trap in our discussion of the underlying sources of market, state and governance failure in the basic forms of capitalist social relations (Chapter 8). This is not to deny the reality of institutional failure, institutional mismatch or inability to engage in institutional learning and their path-dependent effects. It is to insist that an analysis of these problems in capitalist social formations cannot remain at this level of analysis.

Indeed, as we have argued above, the contradictions in the forms of capital are inevitable and incompressible. Different modes of regulation serve to displace and/or defer the resulting crisis tendencies within specific spatiotemporal fixes that establish the basis for zones of relative stability in capital accumulation based on partial, incomplete, institutionalized compromises that are always divisive and exclusionary and always operate in the shadow of hierarchy and coercion. Moreover, as we have also argued, there is no reason to assume that the logic of capital accumulation will provide the basis for the dominant mode of societalization (Vergesellschaftungsmodus) in a given social formation. This is also a historically contingent question even where the capital relation is economically dominant. Different social forces mobilized behind different societal visions may well contest the primacy of capital accumulation as a mode of societalization and seek to contain its overall logic so that it ceases to be ecologically dominant in an emerging world market.

It is the very improbability of continued accumulation that motivated the early regulationists to develop their theory of the expanded ‘reproduction–régulation’ of the capital relation. This already opens an important theoretical space for putting the ‘capitalist economy in its place’ by showing the necessity for extra-economic supports for the market economy. This is the key insight, of course, in Polanyi’s argument that, once the capitalist market economy is disembedded from traditional social relations, its continued functioning and stability depend on its re-embedding within a market society (Polanyi 1944: 57; for a critical commentary, see Jessop 1997e). This in turn means that there is increased scope for analysis of economic imaginaries, competing visions of how the market economy should be embedded within a market society (and, as Polanyi also noted, society itself become embedded within the economy) and struggles to limit and guide the development and impact of market forces, especially in regard to those well-known fictitious commodities, nature, labour power and money. These are fields of inquiry that cry out for a serious cultural turn in political economy such that the specificity and dynamic of the capital relation remain central to the analysis but are also interpreted in their historical context and with due regard to their semiotic moments and mediation (Jessop and Sum 2001; Sum and Jessop forthcoming). But this claim is reinforced when we also recognize the improbability of the dominance of capital accumulation as a principle of societalization and allow for the possibility that other principles, such as national security at home and abroad, religious fundamentalism, ecological sustainability or democratic citizenship, could become primary. In this sense, to the extent that the economy cannot be ‘determinant in the last instance’ but can only be more or less ecologically dominant within limits set by various institutional rivalries and the balance of social forces, the scope for the cultural turn in economics becomes even greater. For it then becomes essential to explain why capital accumulation might have become the dominant principle of societalization and to explain the conditions under which it is able to acquire ecological dominance. This latter quality refers to the fact that other institutional orders and civil society are forced to adapt more to the real and alleged imperatives of capital accumulation than the profit-oriented, market-mediated logic of capital accumulation is obliged to adapt to those orders and civil society (cf. Jessop 2000a). Where this occurs, a capitalist ‘historical bloc’ will emerge in which the economic structure and the political–ideological superstructures, to use traditional Marxist terminology, will be structurally coupled and coevolve. There is nothing in the nature of the capital relation as such, however, that guarantees that this will occur. Thus, as emphasized by the regulation approach, it is always a contingent, historical outcome. And, as we have emphasized in turn, following Gramsci as a proto- and post-regulationist, such outcomes can only be explained by taking the cultural turn in political economy. This is our self-prescribed task in the companion volume to this work: Towards a Cultural Political Economy.
### Original sources of the chapters

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<td>Ngai-Ling Sum</td>
<td>‘An integral approach to the Asian “crisis”: the (dis-)articulation of the production and financial (dis-)orders’</td>
<td><em>Capital and Class</em>, 74, 139–64.</td>
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<td>10</td>
<td>Bob Jessop</td>
<td>‘Capitalism, the regulation approach, and critical realism’</td>
<td>In Andrew Brown, Steven Fleetwood and John Michael Roberts (eds), <em>Critical Realism and Marxism</em>, London: Routledge, 88–115.</td>
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