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# Rebel sons: the Regulation school

- Économiste, auteur - Méthodes et concepts -



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*An Interview conducted by Jane Jenson*

The fields of economic theory and political economy suffered many casualties as a result of the economic crisis which hit the advanced industrial world in the 1970's.

Monetarists and supply siders seemed, for a while, to have the advantage in the market place of ideas, and certainly their political connections with neo conservatives helped to spread their message that the economy was fundamentally altered and that a return to neo-liberalism was essential. Recently, however, there has been a resurgence of interest in economic analyses which do not accept neo-liberalism as gospel and which seek an alternative response to the emerging conditions of a new international division of economic and political power and of domestic restructuring in advanced industrial societies. In France, these issues have been particularly pressing because one consequence of the Socialists' sojourn in government was the abrupt - even painful - recognition that old economic policies carried over from the Resistance-Liberation period no longer worked. The first year of government, when the balance of payments went haywire and the franc plummeted, taught French policy-makers not only to question their Keynesianism but also to cast about for new ways of understanding their situation.

One perspective, which has gained increasing attention even as neo-liberalism moves through the corridors of intellectual power, is the regulation approach. As this interview makes clear, this economic analysis accepts both that the crisis marked a break with postwar economic and political conditions and that it made new responses essential. But, at the same time, the regulation approach rejects neo-liberalism's enthusiasm for market-based solutions and for the rejection of social solidarity.

The bibliography given at the end of the interview reflects the wide ranging interests of those who share the assumptions of the regulation approach. This interview with Alain Lipietz, of CEPREMAP (Centre d'Études Prospectives d'Économie Mathématique Appliquées à la Planification), was conducted in July 1987, in Ottawa, where he was the Visiting Professor at Carleton University's Political Economy Summer School.

*JJ: To someone coming new to the theory of regulation, how would you describe its basic ideas - its propositions and findings?*

**AL: To begin with, there is not exactly a theory of regulation. It is preferable to call it an approach which speaks of models of development in terms of accumulation and regulation. This said, the approach has four fundamental theses for discussing development.**

**First, we consider society and, within society, economic activities, to be a network of social relations. That is, we do not say that there are individuals who from time to time connect with each other and engage in exchanges, but we consider that exchange is itself a social relation, of a very particular sort. The wage relation, too, is a social relation, and there are many more.**

**A second major thesis is that each of these social relations is *contradictory* , and therefore it is not easy to**

live within this network of social relations. Think of the market economy. People individually produce products or commodities for the rest of society, but it's not at all guaranteed *a priori* that these commodities will find buyers. The wage relation is also a very complex relation, so that it is never easily determined how much workers should work, at what speed, for what wage, and so on. If social relations are contradictory in this way, the usual situation should be a crisis. In other words, crisis is the normal, natural state and non-crisis is a rather chance event.

This proposition leads to a third idea - that there are long periods of time when things work. I mean, there are times when the configuration of social relations that defines capitalism, for instance, reproduces itself in a stabilized way. We call such a continuing system a *regime of accumulation*. This refers, of course, to economics but I think this methodology can be extended to politics, diplomacy, and so on.

Fourth, we have to think about the ways this regime of accumulation is achieved. The problem is that individual expectations and behavior must take shape so that they are in line with the needs of each particular regime of accumulation. There are two aspects of the process. The first operates as *habitus*, as Bourdieu would say, in the minds of individuals with a particular culture and willingness to play by the rules of the game. The other operates through a set of institutions that may vary widely, even within the same basic pattern of social relations. Wage relations, market relations, and gender relations have, for example, changed a lot since they first developed. We call a set of such behavioral patterns and institutions a *mode of regulation*.

With these four notions or theses we can speak of different models of development through history.

*JJ: This introduction has been, of necessity, quite abstract. Could you explain more concretely how the regulation approach has been used to analyze France and other countries?*

**AL:** Fordism is the main field of application of this approach. The model of development which prevailed in the advanced capitalist countries after the Second World War is one we call Fordism. Fordism had three different elements: first, it was a form of organization of labor - that is, social relations within the workplace, usually called industrial relations - which was essentially Taylorization plus mechanization. Second, the regime of accumulation was a form of regular sharing out of productivity gains stemming from Taylorism to both profit and wages. As a result, real wages grew parallel to gains in productivity so that the outlets for the production of intensive accumulation were stabilized and predictable, and managers could count on their outlets being bigger tomorrow or next year; therefore it was worthwhile to invest. And, of course, such a regime - where workers were supposed to take a share of the benefits of productivity gains couldn't have been achieved if there had been no rules which induced bosses and trade unions to accept this regime of accumulation. These rules were what we call monopoly regulation, that is, a set of institutions, a set of institutionalized compromises between government, management, and trade unions whose main feature was a system of collective bargaining which extended productivity gains made in the most advanced sectors to *all* the working, wage-earning population. Second, there was a welfare state which ensured that any person who could not earn his or her living could still be a consumer, because he or she could go on having a money income. These are the main features of the wage relation in this mode of regulation. Of course, there were other features of regulation under Fordism, such as credit money regulated by the central banks.

*JJ: How was it that regulation theorists only "discovered" in the 1970s that the post-war period was regulated by Fordism?*

**AL:** Of course we started to study the operation of regimes of accumulation, and especially the one in place after the Second World War - Fordism - not simply out of curiosity but precisely because this regime was in

crisis. In 1974 Michel Aglietta, who wrote his Ph.D. thesis on the American economy, returned to France with a new question. He began to ask not about the causes of crisis but why there was no crisis *before*. And that led to the idea of the regime of accumulation. Then a team of scholars from the French institution CEPREMAP undertook an historical study of France. They discovered several regimes of accumulation in France which had been regulated by several different sets of institution, thus implying that there had been several modes of regulation. We started to analyze why this crisis - the one which started in the late '60s, early '70s - was so different from the others. That is, why was there less breakdown but longer stagnation; why inflation rather than deflation, and so on? We constructed the regulation approach mainly to understand our crisis. But it can be extended to other countries, to other regimes, to other models of development such as Third World models of development. In other words, it's potentially a very wide-ranging approach, but it was mainly developed to understand the crisis of the post-war model of development, Fordism.

*JJ: You have told the story of the regulation approach in terms of its main theses and a bit of its history. Readers would, I think, be interested in a bit more about the intellectual origins of the approach.*

**AL:** Well, there are two ways to tell the story. First, I could say that we are the rebel sons of Althusser. Of course there are some women working on the sociology of labor and the welfare state using the regulation approach, but as macroeconomists, who are primarily men in France, we are the rebel sons of Marxism, of Althusserian Marxism. What does that mean?

During the sixties there was a fantastic upsurge of Marxism in France, a very particular kind of Marxism, structural Marxism. The main leaders in this upsurge were Althusser, Balibar, and Bettelheim in economics, and they all paid a lot of attention to the reproduction of the capitalist system. Now, the first thesis of the regulation approach is one we learned directly from the Althusserian school. Society is a network of social relations, and social relations are supposed to reproduce. But Althusserian Marxists insisted *so much* on this reproduction that they forgot that these relations are contradictory and that they are at any moment subject to crisis. The point is not to be *émerveillé*, to be astounded, by the reproduction of social relations but to be very anxious about why they are *not* in crisis.

Our approach asks instead how can there be regular reproduction, given the contradictory character of social relations? In fact, that's exactly the meaning we give to regulation. We ask how, *despite* and *through* the contradictory character of relations, a unity of relations is reproduced. Of course, we became still more interested in this question when the world crisis started in the early 1970s.

So, you can consider the regulation school as an *Aufhebung*, in the Hegelian sense, of structural Marxism. It goes back to the question of why, sometimes, contradictions are stalled and why, at times, a set of social relations take on a configuration such that reproduction can't occur anymore.

This is the first way to tell the story. Most of us were Marxists of the Althusserian school but we quickly tried to get rid of the notions of structures without subjects, without contradictions, and without crisis.

However, if you read a recent book by the regulation approach called *Capitalismes fin de siècle* (co-ordinated by Robert Boyer), you will notice that all the French authors are polytechnicians [1]. So, I could say that we are the rebel sons of Pierre Massé. That is, we are all part of that group of French high civil servants who, from within the state apparatus, implemented the Fordist model in France. Many of us, being polytechnicians - here I'm thinking of Robert Boyer, Michel Aglietta, Bernard Billaudot, Hugues Bertrand, Jacques Mistral, and myself - worked in the institutions which were in charge of implementing the Fordist model in France after the Marshall Plan. These were places like the Commissariat Général du Plan, INSEE, and Direction de la Prévision du Ministère des Finances. As macroeconomists, our job was to make models - macroeconomic models - in order to fine tune growth

within Fordism.

**When you make a macroeconomic model, you assume that the equations of the model represent the aggregate behavior of agents - the state, households, the firms, and so on. When the crisis came, however, we began to question the stability of the equations. In order to question the stability of the equations, we had to figure out whether the equations we had been using were "natural" or whether they were only an historical product. To do this we went back to history; we did econometric studies of the period before World War II and all of the 19th century. We discovered in this way that the laws were not the same and the behavior of agents was not the same. Then we concluded that after 1945 behavior took on the form we recognized because there was a great compromise and a new regime of accumulation was accepted by all the actors. In this way, as macroeconomists, we had to turn to historians, to political scientists, to sociologists, in order to understand the way institutions were created and actors came to behave according to the equations that the macroeconomists had been using as "natural data."**

*JJ: You present the regulation approach as the result of asking traditional questions in new ways and you stress the importance of the economic crisis since 1973 in encouraging you to do this. Yet, other people have asked questions about this crisis, too, and they have found their answers in changes in technologies and the restructuring of production and productive forces. How does your analysis differ from such accounts of the crisis and the current period?*

**AL: As I told you, many of us were Marxists as young people, but from the outset, and even with respect to Althusser's school, we criticized several ideas of standard Marxism. The most important thing we criticized was the assumption of the neutrality and non-social character of productive forces. You know, this idea that productive forces are like an engine of a train which pulls behind it relations of production, political relations, ideology and so on. We don't accept this image of the world.**

**There are absolutely no windfalls coming from the sky of discovery. Of course there are scientific discoveries, but the ways they are actually implemented in industry or agriculture express existing social relations. So, the growth of productive forces - even the shape of that growth - is nothing but the expression of a definite set of social relations in the workplace, in the family, in the fields. We should say that production relations determine productive forces, and not the reverse.**

**We would even go on to say that the compromise between social forces determines the way social relations work. This compromise determines the mode of regulation, the pattern of industrialization, the regime of accumulation, and not the reverse. So, politics first. Of course we don't mean day-to-day politics, but a kind of long-term politics, a succession of major compromises that frame history for one generation.**

**There is another approach which pays attention to technological change, which is close to us and with which we have a lot of interrelations. I'm thinking of long wave theory. Our long-wave theorist friends think that technology leads and frames social change. The more sophisticated among them are completely ready to say that it's not only technology, as changing technique, that is at the root of social change but it's something broader, about the ways you use technology. I think we can take mutual advantage of a dialogue with this school. Yet we do not accept the notion that technological change is leading history, nor that there is a kind of great wheel that organizes a succession of different models, one after the other. We think that at each major crisis history is at bay and only humankind's imagination, aspirations, and struggles frame the new model of development with its regime of accumulation.**

*JJ: You have begun to sketch a theory of history here. The first thing I would say is that it is refreshing to hear an economist elaborating an historical discussion in such detail. I would like to hear more about the notions of history*

*which underpin the regulation approach.*

**AL:** I suppose one consequence of our stress on the determining effects of production relations and politics is that we can not accept that there is a linearity to history. one can have an ethical judgment about a form of social relations or one pattern of development, but no one can say that there is something like historical progress, represented by the progress of productive forces, which will inevitably lead us along the various stages of capitalism to socialism. In each major crisis, there is a debate, and humankind searches out new relations, new compromises. At each major crisis the way is open, *history is open* .

I don't mean that history is totally open, because of course the weight of the past, of the existing set of relations, and the existing productive forces limits what can be done. But within these limits, it's only class struggle, ideological struggle, political struggle that decides the outcome of a major crisis. For instance in 1930, given the different candidates for dominance - social democracy, fascism, communism - there was absolutely no reason to think that social democracy would be the winner and would implement the Fordist compromise in so many places.

Thinking that history is open-ended also means that for the regulation approach, capitalism as a mode of production appears varied and flexible. We are perfectly ready to say that the Soviet Union is a form of capitalism. On the other hand, we are also perfectly ready to say that capitalism in the 1930's was as different from that of 1960 as US capitalism is different from Russian capitalism. Within the large family of societies where market and commodity relations, wage relations, and patriarchal relations prevail, there is an incredible variety of possible forms of compromise.

Hence, we do not raise the question of "getting rid of capitalism in order to go to socialism." For us, such a question is no longer on the agenda. The problem is that capitalism is no longer working in the old Fordist manner, and we have to find a new way for society to operate. We recognize that there are very deep social relations - patriarchy, market relations, citizen/state relations, wage relations, for example - that may take decades or even centuries to alter. But, even within these relations a lot of things can be changed. And we try to define a new kind of compromise, a new way of working within these relations that for ethical reasons - and only for ethical, not "scientific" reasons - we think are better.

*JJ: You are now moving quickly from history to politics, even day-to-day politics. Are you implying that all people within the regulation approach share a common political position?*

**AL:** This shared conception of history doesn't lead all the aficionados of the regulation approach to the same political positions. Of course, they are all on the left. They are all in favor of change which does not crush the workers and which does not send women back to their households. But apart from these very general principles, you can't deduce any policy directly from the regulation approach.

A lot of people - for instance at the Commissariat Général du Plan or journalists of business reviews like *L'Expansion* - now are ready to accept our conception of Fordism as the explanation of the boom and the golden age after World War II. In other words, the analyses of the regulation approach are widely accepted. But as far as new solutions, new designs, are concerned, there is absolutely no consensus either within the regulation approach or among people who like the regulation approach's explanations.

Despite this lack of policy consensus, however, there are some points about which we all agree, which we derive from our own analysis of this crisis of Fordism. This analysis is, roughly speaking, the following: First, there was a crisis in the organization of labor, which then led to a crisis in the regime of accumulation,

because there were not enough gains in productivity to finance profit, hence accumulation, to increase real wages and to increase the funds of the welfare state. Thirdly, the mode of regulation which had been a national one, based on a national compromise, is now in contradiction with an internationalization of production and markets stretched beyond domestic boundaries. This is the common sense about the crisis that stems from the regulation approach.

If we turn to the consequences of such an analysis for policy and political recommendations, we must conclude that we can't reject the progress which Keynesian policy represents. By this I mean the concern with social demand. We know - and we always remember - that it's not sufficient to produce; you must have an idea whom you are producing for and what the social demand will be. But on the other hand, we know that it's impossible to answer Keynes' question by the Keynesian methods, like increasing social demand at the national level, because the international situation would lead a country to a trade deficit. So we disagree with people who think that it's possible to have Keynesianism in a single country, as the French government tried to do from 1981 to 1983. On the other hand, we reject the position of people who say there is no reason to be concerned about the organization of social demand because the market will take care of it for you. We know that the market never takes care of that kind of question.

Second, we *all* agree that the technological aspects of Fordism are in crisis. We all agree that mass production, organized around huge machines conceived by engineers and designers and operated by unskilled workers, is in crisis. But since we think that technology is nothing but the embodiment of technical knowledge in machinery, we ask about the social relations framing any new technological apparatus. That's the only question. We are in favor of new technologies, but we want to identify, we want to specify, the social relations which will surround these new technologies because there are several possibilities, ranging from forms of hyper-Taylorization to flexible specialization.

A third area of consensus recognizes the importance of not trying to say anything exact about a new regime of accumulation. Our point is that, while there are limits to what is possible, we do think that there are alternatives to present arrangements. That is our common sense. A realistic position about Keynesianism, about the organization of labor, about the possibility of a new regime, and our sense of the care with which we have to define the new regime is the common sense of the regulationists when they act as citizens, as activists.

Within this three point consensus, the practical positions of regulationists are very, very different. Some are very much in favor of flexible specialization; others think that without the control of collective trade unions, at the level of the state, it's impossible to have flexible specialization without social polarization. Some think that since we must organize social demand, the national state is okay; others think that we can do nothing more at the level of the national state, and we must go at least to the level of the continental state, i.e., (for us) Europe. Some of us think that if new technologies could be implemented by a negotiated involvement of workers in the battle for productivity and for quality, a compromise could be based on employment and consumption, as in the Fordist model; others think it's better to push for a compromise based on increasing leisure time. I could give a lot of examples of differences, but overall I would say that now regulationists are stretched from the Rocard position to that of the "rainbow coalition."

*JJ: Throughout the interview you have mentioned the international economy. The constraining effect of the international economy is a popular theme in France these days, both for the Right and the Left. How does the regulation approach think about this factor in the development of a new, stabilized regime of accumulation in France?*

**AL:** The theme of the internationalization of production has become increasingly important for the whole approach. In the beginning, our main field of research was Fordism, which was one of the most

nation-centered regimes of accumulation in history. In the Fordist regime of accumulation, the ratio of exports to gross national product was one of the lowest. Compare it to the situation in Britain in the 19th century, or Venice at the beginning of capitalism. Fordism was almost a simple juxtaposition of national regimes! As a result, we didn't pay much attention to the international situation.

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

By the way, this international mode of regulation is what international relations theory labels a "regime." In Keohane's terminology, this is precisely a regime [2]. It is the equivalent of what we would call a mode of regulation at the international level. But the notion raises a lot of questions. Is it possible that a regime, in Keohane's terms - or an international mode of regulation in ours - exists without any hegemony? Is it possible for a stable set of international institutions to exist without the hegemony of a superpower? Is it possible to have a kind of democratic settlement between nations? That's a very important question, particularly within Europe, for example.

As far as the regime, in the French meaning of the term, is concerned - that is, a regular match between transformations in production and transformations in consumption - no such thing exists at the international level. My conclusion is that it doesn't exist. We can speak at most of a kind of "international configuration," and these configurations are subject to shifts, continuous displacement. I tried in my last book, *Miracles et Mirages*, to explain the variations in the configurations even under Fordism and during its crisis [3]. These variations have led to some opportunities for the Third World, places like Korea, Brazil and other newly industrializing countries.

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

*JJ: In this way of talking about the international economy and international relations you indicate quite clearly that the regulation approach tends to blur the traditional boundaries of the social sciences. Is that a deliberate analytic strategy?*

**AL:** I indicated at the beginning of this interview that we quickly moved from strictly economic problems to history in a more general sense - that is, the history of social movements, social relations, states, and so on. Well, we are economists, but we are ready to consider, as background for the sub-network which is economic life, the rest of these networks of social relations that constitute reality. Obviously this sub-network is subject to a lot of effects coming from the rest of the network - from politics, from race relations, from gender relations, from diplomacy. All social relations frame the world in which economic activities are carried on. If we are unable to extend the regulation approach to the other disciplines, to consideration of all social relations, we will not be able to carry on our task as macroeconomists.

When I say extend, however, I do not intend that these methods, which were first developed by macroeconomists, should be taken to the other fields in a kind of imperialist way, as mainstream economics spread to political science, to sociology, and other disciplines. We have to learn from the other social sciences the ways in which they deal with the same problems we face, that is, how a social relation which is in contradiction is solved or transformed.

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