

Beyond the Regulation Approach

**Putting Capitalist
Economies in their Place**

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Ngai-Ling Sum**

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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 our 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 postdisciplinarity 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 McCollm 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

AMF	Asian Monetary Fund
APEC	Asia-Pacific Economic Cooperation
AR	Accumulation regime
ASEAN	Association of South East Asian Nations
CCC	Comprehensive concept of control
CDU	Christlich-Demokratische Union
CEPII	Centre d'Etudes Prospectives et des Informations Internationales
CEPREMAP	Centre d'Etudes Prospectives d'Economie Mathématique Appliquées à la Planification
CME	Capitalisme monopoliste d'état [state monopoly capitalism]
CMP	Capitalist mode of production
CORDES	Comité d'Organisation de la Recherche Economique et Sociale
CSU	Christlich-Soziale Union
DM	Deutsche Mark
DRAM	Dynamic random access memory
EANICs	East Asian Newly Industrializing Countries
EC	European Community
EOI	Export-oriented industrialization
EU	European Union
FDI	Foreign direct investment
FDP	Freie Demokratische Partei
FRG	Federal Republic of Germany
GATT	General Agreement on Trade and Tariffs
GDP	Gross domestic product
GITIC	Guangdong International Trust and Investment Corporation
GKBE	Globalizing, knowledge-based economy
HKD	Hong Kong dollar
ICT	Information and communication technologies
IMF	International Monetary Fund

INSEE	Institut National de la Statistique et des Études Économiques
ISI	Import substitution industrialization
IT	Information technology
ITIC	International trust and investment corporation
JIT	Just-in-Time
KBE	Knowledge-based economy
KMT	Kuomintang
KWNS	Keynesian welfare national state
LWNS	Listian workfare national state
MLG	Multi-level governance
MoR	Mode of regulation
NAFTA	North American Free Trade Agreement
NICs	Newly Industrializing Countries
NTD	New Taiwan dollar
OECD	Organisation for Economic Co-operation and Development
OEM	Original equipment manufacturing
RA	Regulation approach
R&D	Research and development
RWR	Ricardian workfare regime
SMEs	Small and medium-sized enterprises
SPD	Sozialdemokratische Partei Deutschlands
SSA	Social structure of accumulation
SWPR	Schumpeterian workfare postnational regime
US	United States [of America]
USA	United States of America
USD	United States dollar
WTO	World Trade Organization

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Bob Jessop (1989), 'Neo-conservative regimes and the transition to post-Fordism', in Mark Gottdiener and Nikos Komninos (eds), *Capitalist Development and Crisis Theory, Accumulation, Regulation, and Spatial Restructuring*, Basingstoke: Macmillan, 261–99.

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Introduction

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 reintegrating 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, ‘régulation’ 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