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## The French Regulation Approach and its Theory of Consumption

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### 1. Introduction

This paper studies the Consumption theory of the French Regulation Approach (RA). RA enjoyed widespread popularity within Radical Political Economy, in the 1970s and 1980s. It consists of several streams and tendencies but the French one (Aglietta 1979; Lipietz 1985; Boyer 1988; etc.) is the founding father and the more consistent and comprehensive one. RA's appeal derived from its aim: to construct a historically specific economic analysis of capitalism. That is, to go beyond general abstract theory and analyse the specific *modus operandi* of capitalism during specific, clearly demarcated historical periods. In order to achieve that it constructed an institutionalist and historicist analytical framework based on two key concepts: the *regime of accumulation* (RoA – the way surplus is distributed during each specific historical period between capital and labour so as production would meet demand) and the *mode of regulation* (MoR – the necessary institutional framework supporting each RoA). Two historical types of RoA are recognised: a) *extensive accumulation* (pre-capitalist production processes and traditional consumption patterns were incorporated into capitalism, there was a troublesome co-ordination of production and demand), b) *intensive accumulation* (production and ways of life were reorganised radically on capitalist lines, the co-ordination of production and demand became more functional). Additionally, two MoR are recognised: a) the *competitive* MoR (more appropriate for extensive accumulation, with *a posteriori* adjustment of output to price which was highly responsive to changes in demand), b) the *monopolist* MoR (income distribution is socialised mainly via institutionalised social

compromises rather than market relations). Then capitalism is periodised as follows:

1. Mid-19<sup>th</sup> century-WWI: extensive RoA with competitive MoR.
2. Intra-war period: an unstable transitional phase of intensive RoA but accompanied by the inappropriate competitive MoR, which led to the 1929 crisis.
3. End of WWII-1973: Fordism, i.e. intensive RoA with monopolist MoR.
4. After the 1973 crisis: post-Fordism, i.e. a new RoA in search of new MoR.

However, this impressive analytical framework has serious flaws. Mavroudeas (1999a) has shown that RA is a middle-range (m-r) theory with all the shortcomings of this methodological perspective<sup>1</sup>. M-r theories reject the necessity of a unified all-embracing analysis (from the most general and abstract to the particular and concrete dimension). They employ *intermediate concepts* (instead of general concepts generated from a general theory) immediately identified with empirical beliefs (*stylised facts*), that are considered indisputable. Notwithstanding, in reality these stylised facts represent an eclectic reading of historical reality, underpinned by an unacknowledged theoretical framework. The main attraction – and the fundamental shortcoming – of m-r theories is their close gearing to a specific historical era around which they organise their field of research. This gives them immense popularity during the course of this era but, also, cripples them when it ends. The benchmark for RA's stylised facts is the post-WWII epoch. Other periods are theorised neither on their own nor via a general theory but according to this benchmark period<sup>2</sup>.

This study applies these general criticisms to Regulation's Consumption theory. It brings forward the significance of consumption for Regulation. Then, it criticises it on three major areas. First, with regard to Value theory, it argues that the regulationist conception of the value of labour-power and its theory of wage is theoretically and empirically unsound. Therefore, Regulation's articulation of economic and social reproduction is problematic. Second, Aglietta's (1979)

<sup>1</sup> More specifically, Mavroudeas (1999a) has argued that RA belongs to the same group, branded as *newer non-orthodox m-r theories*, with some other schools (Social Structures of Accumulation, Flexible Specialisation etc.) with similar characteristics (historicism, institutionalism, a gradual move from a mild structuralism to an equally mild post-structuralism and post-modernist influences etc.).

<sup>2</sup> Dumenil – Levy (1988, pp. 2-4) and Brenner – Glick (1991) offer convincing rejections of most of RA's stylised facts.

macroeconomic model of the relations between the two departments of production is rejected. Consequently, Regulation's periodisation of capitalism, which depends crucially upon the two previous points, is proven to be equally unsound. Finally, Regulation's analysis of the 1929 crisis is characterised as underconsumptionist and criticised as erroneous. Additionally, it is shown that RA's Consumption theory is instrumental for its trajectory towards post-modernism and the related abandonment of class analysis. Section 2 presents Regulation's theory of consumption and its transformations. Section 3 analyses its underlying stylised facts and theoretical influences. Section 4 criticises Aglietta's theory of wage, section V Regulation's theory of labour-power and section 6 Aglietta's reproduction model and his "motive impulses" thesis.

## **2. RA's theory of consumption**

There is a usual presumption that Regulation is a production-centred theory because of the concept of Fordism and its labour-process connotations. The significance of consumption remained hidden during RA's first steps and emerged only in its latest phase. However, RoA's very definition reveals that the regulationists main concepts are primarily concerned with the co-ordination of production and consumption. Similarly, MoR covers mainly institutional forms of income distribution and consumption patterns.

The reason for this initial obscuration of consumption's role is that Regulation gestated during the period of prominence of the "labour-process debate" and of the attacks on Keynesianism and Underconsumptionism. As a result, RA downplayed the significance of consumption in both its empirical substantiation and its theoretical derivation. In the case of Fordism it was usually undermined that it denotes the coupling of mass production with mass consumption. It is equally forgotten that post-Fordist flexible small-scale production is connected with the end of mass consumption, since consumers are supposed to have become satiated with standardised goods. Consequently, the main emphasis is laid on the transformations of the labour-process, while the analysis of consumption has been left to those studies concerning urban and regional development. Today, there are no longer any obvious reasons for the continuation of this tendency. RA's initial theoretical inhibitions with the primacy of production and the labour-process have been discarded. Regulation's trajectory towards

post-structuralism and post-modernism leads to a theory of socialisation which, for certain Regulationists, explains social differentiations not on the basis of production and class but according to cultural and status relations, where consumption plays an allegedly decisive role.

RA's consumption theory is based on a powerful dichotomy. Before Fordism workers were implicated in the capitalist system only through production, whereas their consumption remained non-capitalist. Absolute surplus-value predominated, the value of labour-power was determined individually and competitively (on the basis of the bundle of subsistence goods) and production was socialised only through the market, without state intervention. Because capitalists and middle classes were the main buyers of capitalist commodities and managed their consumption according to capitalist norms, no regulation of social reproduction was required. Later, workers' struggles and intra-capitalist competition constrained the extraction of abstract surplus-value and led to the predominance of relative surplus-value through Taylorist mass production of standardised commodities. This mass of standardised capitalist commodities required a mass market, since the consumption of capitalists and middle classes did not suffice. Thus, the traditional way of living of the working-class was destroyed and labour-power became reproduced through mass consumption of mass produced capitalist commodities.

As a consequence, the process of wage formation changed radically. In pre-Fordist stages labour-power was a commodity whose value was determined competitively on the market, according to the value of the subsistence bundle (although this bundle was not made up of capitalist commodities). Wage was the price of this value, determined according to the classical Marxian principles. Wage reductions had no negative effects, since they increased profits and the subsequent loss in outlets affected only the independent producers and, through them, the *rentiers*. On the contrary, in Fordism, wages are not just a cost but also an outlet for capitalist production. Additionally, labour-power ceases to be a commodity (or becomes an extremely *suis generis* one) and its "value" is no longer determined according to class struggle in production (on the division of labour-time) but according to a) struggles in income distribution and b) the management of the effective demand for capitalist mass production. At the same time working-class' consumption turns towards capitalist commodities. Therefore, wages are formed according to extra-production considerations and struggles which lead to institutionalised compromises with only a weak linkage with production

via the indexation of wages to productivity gains. The socialisation of capitalist production is effected not through the classical market mechanism but through collective supervisory agencies and institutions. These agencies take into account both the general capitalist interests and working-class' pressure and formulate historically contingent compromises that sustain the reproduction of capitalism.

Thus, economic reproduction is supposed to depend crucially upon social reproduction. However, since capitalism is a system of supposedly free individuals, not only production and income distribution but also consumption has to be organised functionally. Hence it is necessary to create standardised social consumption patterns which would guide individual choices.

Aglietta (1979), with his *norm of consumption*, offers the best version of this thesis. The other regulationists simply kept his conclusions and neglected his reproduction model and his assumptions. Aglietta argues that the *motive impulses* for the transformation of the forces of production derive from Dept. I (means of production). Because of this primacy, the two departments develop unevenly. However, because relative surplus-value is effected through a reduction in the time needed to reconstitute social labour-power, it can only be produced by transforming the conditions of production of the commodities produced in Dept. II (means of consumption). The latter must be able to absorb the commodities produced in Dept. I and incorporate them as constant capital in those production processes that lower the value of means of consumption. If this condition is not met then the uneven development of Dept. II exercises a depressing influence on the accumulation of capital. It is only by revolutionising the conditions of existence of the wage-earning class that this underconsumption barrier can be raised and the harmonious development of the two departments be achieved. This requires a) the domination of commodity over non-commodity goods in wage-earners' consumption and b) the mass production of these commodities so as to lower the value of labour-power. The growing social demand for consumer goods, previously considered as luxuries, assures that these can now be produced by capital and, therefore, move from sub-Dept. IIa (luxuries) to Dept. II as a whole. This leads to a qualitative change: all technological progress can now be deployed in the transformation of the social conditions of production, advances in productivity in Dept. I find their outlets in the expansion of Dept. II, and the fall in unit exchange-value of Dept. II sufficiently increases the production of relative surplus-value to enable real wage to rise. This

organic linkage of the two departments is achieved only in the *intensive* RoA. It required the organisation of commodity circulation according to a general pattern (i.e. a social norm of wage-earners' consumption). Three processes were considered crucial for its creation:

- a) *socialisation of finance*: social insurance funds secured against the temporary loss of direct wages and enabled workers to buy rather expensive goods;
- b) *collective bargaining*: it homogenised and socialised wages and led to a partial divorce of wage adjustment from short-term business cycle fluctuations. For RA this made capitalism's expanded reproduction of capital less sensitive to the instabilities resulting from changes of production conditions. This is based on the empirical belief that in Fordism wages are linked to labour productivity increases. Thus *nominal reference wage* (the ratio of total wages to total abstract labour) remains constant and this prevents a fall of effective demand when the production conditions deteriorate (Aglietta 1979, p. 181);
- c) *destruction of traditional ways of life*: capitalism adapted to the restriction of the working day by sharply increasing the intensity of labour and systematically compressing wasted time. Any time available for recuperation at the workplace itself disappeared and a strict separation between working and non-working hours was imposed. Hence individual ownership and consumption of capitalist commodities – as opposed to traditional collective relations – became dominant.

Then Aglietta (*ibid.*, p. 157) argues that, since consumption is a predominantly private process, besides production “status” or “social relations of an ideological nature” are also crucial. Thus, he actually proposes some kind of “relative autonomy” of consumption from production, which permits cultural and ideological factors to play a decisive role in determining the consumption norm and also to segment the wage-earning class (although, this is not yet a primary factor of segmentation).

Aglietta maintained that *standardised housing* (the privileged site of individual consumption), and the *automobile* (the means of transport compatible with the separation of home and workplace) were instrumental for the construction of the Fordist consumption norm during the crucial period of the 1920s. Others propose more qualified versions. Esser – Hirsch (1989, pp. 421-423) add the electronics industries. However, they recognise that Fordist urbanisation resulted in a

contradictory social homogenisation and individualisation. Florida – Feldman (1988, pp. 187-188) add consumer but accept that although housing was crucial for US Fordism, it was the result of unique historical conditions and that important segments of the working-class (non-unionised “periphery” workers and minorities) were systematically excluded. Finally, they propose that US Fordism’s suburban solution was not the only possible route and that other capitalist countries, with different constellations of political and economic forces, followed alternative ways.

However, Aglietta – Brender (1984) moved even further by proposing a significantly different new theory. Following the Annales school, they conceive capitalism differently than the classical Marxist manner. Capital is defined as a mode of communication between the different modes of production and is uncritically identified with money. Value and labour-time are absent and there is an indiscriminate equation of pre-capitalist and capitalist forms of capital. Ultimately, money becomes the centre of gravity of the whole theory and classes disappear in modern capitalist society. Aglietta – Brender (*ibid.*, pp. 10-13) distinguish three epochs or societies: the society of the *ancien régime*, the bourgeois society and the wage society. The latter is marked by the socialisation of the ways of producing and living. Social demand is determined by wage-earners’ behaviours. Social distinctions and differences do exist but these are much more fluid. Social classification is in a process of continuous transformation. Hence, social groups, a much more flexible and less rigid concept, substitute classes. The proletariat is dissolved in the mass of the wage-earners – something already pronounced in the *Theory of Capitalist Regulation* but this time even the latter have ceased to constitute a class – and they represent a vast mass subject to internal differentiations. The wage society is a mass society and not a class society (*ibid.*, p. 18) and *consumption becomes a crucial mechanism of social differentiation*.

These new theses have a number of extremely problematic theoretical inferences. First, wage-earners are defined according to ways of receiving income rather than production relations. Hence, they are different from workers in the Marxian sense. Second, Aglietta-Brender advance a methodologically individualist and quasi-culturalist theory of consumption and social differentiation (based on distinctions in consumption behaviour). Wage society is comprised of a mass of individuals who receive incomes in the form of wages and which is differentiated according to income differences (“the more or less in the

homogeneity of wage-earners”) and status relations. Income differences constrain the usage of things, whereas status denotes their semiological signs. Therefore, consumption is in perpetual diversification because the ruling classes attempt to prevent the trivialisation of objects, to emit signs, to invent distinctions in the usage, in pursuit of a variety instituting social differences (*ibid.*, pp. 97-98). Struggles of classification develop in consumption. Their objects are the “signs” of a code of consumption (the interplay between distinction and imitation etc.). In this approach habits, norms, projects and strategies of not very clearly defined agents are the pivot of the evolution of production and social classification. Moreover, these vaguely and ill-defined groups are not the primary factor but rather the effect: they achieve their fleeting existence because individuals choose to constitute them.

### 3. Stylised facts and theoretical influences

Regulation, as a m-r approach, created its consumption theory on the basis of certain empirical beliefs supposedly theory-free. However, as is usual with theory and value-free postulates, behind them lay crucial theoretical influences. RA borrowed several of its crucial stylised facts, in its first stage, from Keynesianism and Rostow’s theory of the Mass Consumption society and, in its later stage, from post-modernism. In the first stage, it inherited the conception of the 1929 crisis as a crisis of underconsumption from the former and of the establishment of mass consumption after the 1920s from the latter. The coupling of these influences establishes Regulation’s initiating dichotomy of capitalism (pre-Fordism – Fordism). Although rejecting the theory of these approaches, RA implicitly accepts much of their empirical beliefs and, as a consequence, of their theoretical agenda. In Regulation’s later stage, the notion that in post-Fordism demand becomes fragmented and market niches are created according to tastes, status and semiological signs is taken from post-modernism.

Theories of the affluent mass consumption society (built upon Rostow’s [1967] thesis of the Mass Consumption society) were very popular during RA’s first steps. They argued that workers were addicted to consumerism and incorporated in capitalism through Keynesian demand policies and social accords. Thus, for capitalism the worker mattered not only as a member of the workforce but also as consumer. These theories hypothesise that a structural change in consumer tastes

(towards durable goods) took place in the 1920s. The growth of credit, of output and sales for automobiles, housing and electrical appliances is usually offered as evidence. The affinity of their more radical versions with RA is striking. For Westley – Westley (1971, pp. 16, 43, 80) suburbanisation, the creation of the “private” family and wages’ linkage to productivity increases led to the figure of the affluent worker and the construction of a standard consumption norm. In these versions the working-class becomes the central figure of the mass consumption society, while at the same time it is incorporated into a previously hostile system. They have also methodological similarities with RA, such as the adoption of a “non-economistic” multi-causal framework (Rostow 1967).

RA adopted from Keynesianism the emphasis on effective demand and the underconsumptionist explanation of the Great Depression. Behind Aglietta’s preoccupation with the comprehensive linkage between the two departments of production (because of the absence of any automatic mechanism balancing their development) lay the Keynesian and underconsumptionist belief that the growth of the market provides both the driving force and the constraint to accumulation. Additionally, it leads to a prioritisation of the realisation problem – blended with a specific theory of disproportionality – as the cause of crisis. This results in an explanation of the 1929 crisis with explicit Keynesian connotations. It is not a Keynesian theory per se in the sense of the theories of insufficient aggregate demand. Notwithstanding, as Dumenil – Levy (1988) argue, it belongs to that breed of theories of underconsumption/overproduction of which Baran – Sweezy (1966) are a characteristic example. The shared backbone of these theories is that they blend Keynesian elements into a Marxist framework, producing an explanation of the Great Depression based on some notion of secular underconsumption (inadequacy of demand for the output of Dept. II).

In the beginning RA attempted to incorporate all these influences in a Marxist framework. This resulted in a highly eclecticist theory based on the “relative autonomisation” of consumption from production. During its subsequent period, RA’s m-r nature enabled it to preserve its unity by retaining the conclusions and the intermediate elements and by undermining the theory of the consumption norm. When this period ended and its present crisis erupted, ambiguous and diverse tendencies emerged (a typical example of which is Aglietta’s of routines and the “absolute autonomisation” of consumption).

Nowadays, while attempting to explain the collapse of Fordism, RA borrows its new stylised facts from post-modernism. As Lipietz (1986)

accepts – and distinguishes also himself by advancing a “double-side” explanation – most approaches emphasise the demand-side and particularly the differentiation of consumption patterns. There is more than a simple affinity between regulationist theories of societalisation, such as Aglietta’s theory of routines and post-modernist approaches. Both theories, in the name of a social perspective as opposed to crude economism, dissolve classes and reduce social collectivities to mere fleeting creatures. Discursive elements (e.g. status), routines, norms and signs based on more or less culturalist foundations become the major determinants. Finally, socialisation is equated to individualisation.

#### **4. Marx and Aglietta’s theory of wage**

The consumption norm theory corresponded to a transitional stage. It was not an openly cultural theory, but it had one foot in Value theory and the other in a disguised culturalism. Behind the rigid Althusserian terminology (structures, agents as their supports etc.) lay the elements that generated and enabled the passage to post-modernist culturalism. What the consumption norm theory argues for is a semi-detachment (or a “relative autonomisation”) of consumption from production. The basis of this attempt is to be found in two essential elements of his approach: the implicit rejection of Marx’s theory of wages and the acceptance of status relations (or social relations of ideological nature). For Marx it is necessary labour-time that operates as the pivot for the wage fund and hence the extent of workers’ consumption. To this extent the determination of the value of labour-power is similar with that of all other commodities. However, labour-power is a commodity different from all the others, since it only exists as a capacity of the living individual and it is inseparable from its bearer. In this sense the value of the labour-power is determined by the value of the necessary means of subsistence for the maintenance of the worker as worker. This introduces a dynamic element which distinguishes the reproduction of labour-power from that of other commodities. The value of labour-power is constituted from two elements (see Marx 1968, p. 222 and 1982, p. 275): a) physical part which covers the so-called “natural needs” (food, clothing, fuel, housing etc.), which also varies according to the climatic and other physical peculiarities of a country and, b) an historical and social part reflecting the level of civilisation attained by a country and in particular

the conditions in which, and consequently on the habits and expectations with which, the class of free workers has been formed.

On the other hand, Marx' theory of wages does not imply a simplistic identification of necessary labour-time and wage, as Lassale's "iron law of wages". The physical element sets the ultimate minimum limit. This does not mean that the value of the labour-power and the wage cannot increase. However, it does mean that there is an upper limit to this increase and this is given by the movement of the rate of profit (Rosdolsky 1977, p. 284).

Actually Aglietta substitutes Marx's wage theory with one very similar to Carey's: in Fordism, wages rise and fall proportionally to labour productivity. Certainly, his position is more qualified and "m-r". This mechanism is not a standard and ever present feature of capitalism, as Carey and many other bourgeois economists argue. On the other hand, it is not a temporary element. It is a structural mechanism that supports and characterises the Fordist RoA. The basis for this awkward mixture derives from Aglietta's misconception of relative surplus-value. For him there is no diminishing rate of growth of relative surplus-value nor periods of rest during which there is not a qualitative change in the productive forces but merely a quantitative extension of the existing technical basis. On the contrary, Marx argues that relative surplus-value is constrained by the relation between necessary and surplus labour:

- a) the enhancement of workers' productive ability diminishes necessary labour;
- b) surplus-value increases slower than the productive abilities;
- c) the larger the surplus-value of capital before productivity increases, the smaller the part of the working day which represents necessary labour and hence, the smaller is the increase in surplus-value which capital obtains from productivity increases.

Finally, Marx (1982, p. 705) states also that the increasing productivity of labour is accompanied by a cheapening of the worker (i.e. a higher rate of surplus-value), even when real wages do rise, because the latter never rise in proportion to labour productivity. As Rosdolsky (1977, p. 290) points out,

if this were to be the rule, the rate of surplus-value could never rise – and hence the production of "relative surplus-value", and capitalism itself, would become an impossibility.

Another crucial element that facilitated Aglietta's departure from a Marxian framework of analysis, and the subsequent neglect of the theory of necessary labour-time and of the distinction between productive and

individual consumption, was the notion of a consumer hegemony of the wage-earner. This is evident in his later works where the fundamental characteristic of the wage-society is the fact that «the wage-earner established its grip in the totality of economic movement by becoming the first client of production» (Aglietta – Brender 1984, p. 9). But it was already existing, in a state of hibernation, in the theory of the consumption norm. This is expressed in the definition of Fordism as the functional linkage of mass production and mass (wage-earners') consumption, where the latter represents the previously missing element. This assumption led in his later works, despite the usual regulationist denunciations of an overall planner in capitalism, to the incorporation of the wage-earners' consumption to the capitalist project, as an essential – if not the essential – element. What constitutes the state of hibernation of the notion of consumer hegemony in the theory of the consumption norm is the fact that Aglietta was still holding to a value-theoretic and a class-theoretic (albeit under the misleading and erroneous version of the wage-earning class) framework. Therefore, consumption could not and had not been autonomised totally but only relatively from the relations of production (which are, by definition, social). To put it in terms of the semiotic terminology adopted by post-modernism and Aglietta, the sign is still linked to labour. It is in his recent works that consumption achieves its total autonomy. It is an interplay of signs linked to usages and to commodities but not linked to labour and governed mainly by behaviours and behavioural strategies.

The notion of the working-class' (or the wage-earners') consumer hegemony has led to a significant departure from Marx's point of view. The conditions of existence of the working-class were theorised from within the logic of capital. According to Marx (1982, p. 718) the individual capitalists strive to reduce the workers' individual consumption to the necessary minimum. The maintenance and reproduction of the working-class remains a necessary condition for the reproduction of capital, but the capitalist may safely leave this to the worker's drives for self-preservation.

For Marx workers' individual consumption and the necessary labour-time for the reproduction of labour-power are determined – apart from the rate of profit, the “natural” and historical requirements for the reproduction of labour-power – by the antagonistic class struggle between capital and labour. Consequently, the transformation of the working-class' conditions of existence cannot be theorised – at least primarily – as labour and capital sharing common objectives but as an

antagonistic relation. For Aglietta, with Fordism, this is not so. Now the capitalist, while not becoming yet the benevolent father of bourgeois apologists, has an overwhelming interest in his workers' welfare. In the theory of the consumption norm this is disguised under a rhetoric of class-struggle: the movements of the 1920s obliged capital to take into account the conditions of reproduction of its workforce. However, for RA these changes were dictated by the need to expand Dept. II's market so as to achieve the harmonious development of the two departments. Therefore, Aglietta afterwards erases every independence of the working-class and subordinates everything to capitalist objectives. Additionally, he assumes that the working-class "trickles down" into the vast mass of the wage-earners and is finally dissolved completely. Struggles and contradictions cease to be irreconcilable and antagonistic. Consequently, necessary labour-time becomes redundant. Necessary for what and subject to what irreconcilable contradictions since capital has assumed under its authority all the conditions of reproduction of the wage-earners<sup>3</sup>? With the alleged indexation of wages to productivity capitalism consciously ceases to strive to reduce necessary labour-time and the workers' individual consumption to the minimum.

Regarding status relations – the other pillar of the theory of the consumption norm – similarities with post-modernism are even more evident. Consumption behaviours are autonomised from the relations of production via ideology. The latter not only issue from but also create social stratification. Slowly, these discursive elements assumed explanatory primacy as the ill-defined "social relations of ideological nature" give their place to the determination of social relations by ideology.

## **5. Regulation and the reproduction of labour-power**

RA's fundamental thesis is that working-class' consumption was not commodified before Fordism. This is a very problematic argument. Commodification in general is not identical with capitalist commodification. This distinction is treated casually by many regulationists, such as De Vroey. His confusion is made worse since De Vroey (1984) – in this

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<sup>3</sup> Aglietta (1979) does not consider labour-time at all and proceeds to define exploitation directly from surplus-value. This facilitates an erroneous linkage of value concepts to revenue criteria (the passage from the so-called surplus-value division to the wage-relation division), which in Aglietta's latest formulations lead to the rejection of Value theory and its substitution by money.

well-known but also highly inaccurate review of Regulation – treats the RoA and the MoR as synonymous and distinguishes only between extensive and intensive accumulation, thus forgetting intensive accumulation without mass consumption. As a result extensive accumulation covers an unusually lengthy period (from the mid-19<sup>th</sup> century till WWI) and the interwar years are characterised simply as “transitional period”. He argues that workers’ consumption during the regime of extensive accumulation was characterised by: a) the dominance of non-commodity relations over commodity relations, b) the reproduction of labour-power mainly through domestic activities, c) wages being only complementary to this reproduction, d) the greater amount of the commodities purchased being non-capitalist. This is a strong version; while Lipietz (1984a, p. 96) adopts a weaker one, stating that during extensive accumulation wage-labourers had «practically no access to capitalist products». In the strong version the distinction between commodities in general and capitalist commodities is not important, since it is held that working-class’ consumption as a whole lay primarily outside the sphere of commodification and otherwise comprised mainly of non-capitalist commodities. That leaves domestic production, petty-commodity production and agriculture as the possible providers of the workers’ means of subsistence. On the other hand, the weak version side-steps the question of the extent of commodification of working-class’ consumption and only asserts that the latter did not include capitalist products. In this case the distinction between capitalist and non-capitalist commodities is crucial, because it may be accepted that workers’ consumption was commodified but the goods that entered it were non-capitalist commodities. There is, furthermore, a significant failure of both versions to define non-capitalist sectors that produced these goods<sup>4</sup>.

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<sup>4</sup> Gouverneur (1983, pp. 179, 181-183, 193) gives a more detailed exposition of the weak version. Beginning from the usual regulationist premises about the long-run problems of capitalism, he derives the necessity to increase wage-earners’ purchasing power. He maintains that the necessitated change in wage-earners’ consumption took place after WWII and was based on its capitalist commodification. Before WWII wage-earners’ consumed mainly traditional goods and services purchased from small-scale independent producers or produced in the circle of domestic activities. After WWII capitalist commodities conquer wage-earners’ consumption as there is a decrease of the proportion of domestic products (partly as a result of the increase of female labour outside the house) and also of the proportion produced by craftsmen (since the independent producers were progressively eliminated by capitalist enterprises). Advertising, conspicuous consumption and the mass market for consumer durables and services are the vehicles of this transformation.

It is almost obvious that the strong version is empirically invalid. Working-class' consumption was commodified from capitalism's very birth. This is even more obvious for the wage-earners, which include also other social strata apart from the proletariat and whose purchasing power is usually greater than the latter's. With capitalism producers are separated from their means of production and, thus, cannot produce their means of subsistence. From the very first steps of capitalism, the bigger part of all their major needs (food, clothing, housing etc.) had to be bought. This was supplemented by their own production; or rather the domestic production of their family since it was impossible, especially considering the longer working hours of that period and the worse working conditions, for the working members of the family to work extensively and regularly in domestic production. Another significant factor – quite important in many newly industrialised countries, also – could be the support of the extended family, who were peasants. Their support was usually in the form of either agricultural products or money. However, all these contributions had a complementary and irregular character and the worker had still to buy most of his means of subsistence. De Vroey's assertions to the contrary, and especially for such prolonged period up to WWI, flies in the face of historical reality.

The weak version proposes a more guarded position. Workers' consumption may have come under the dominance of commodity relations, but these were mainly non-capitalist until the 1920s; true capitalist relations emerged only after WWII. However, even this version is also mistaken. It hinges upon three problematic conceptions.

Firstly, because RA comprehends a specific society as the sum total of different modes of production one of which is hegemonic and provides the unifying framework (an Althusserian thesis)<sup>5</sup>, it has a simplistic understanding of capitalist commodification. The regulationists cannot conceive how elements and remnants of previous modes of production can be integrated into the capitalist mode of production and although they retain their formal characteristics their function has altered radically by becoming operational parts of the capitalist mode of production and by ceasing to represent a different mode of production. Their much acclaimed example of petty-commodity production is characteristic. Capitalism has assimilated profitably elements of simple commodity production (craftsmen, family works etc.) because they provided markets for capitalist products and cheap complementary products and services.

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<sup>5</sup> Aglietta – Brender's (1984, pp. 9-10) theory of capital as a mode of social communication and cohesion between different modes of production is an extreme version of this thesis.

The agricultural sector offers a sharp refutation of RA's arguments. It was the main provider of means of subsistence and capitalist concentration and centralisation, in many cases, took place quite late. The majority of the agricultural sector was till late, and often it is still, comprised by small farmers. Despite that, it has become capitalist and has ceased to represent small commodity production since it was not surplus products that were exchanged nor was the main bulk of production for self-subsistence. Production for exchange had become the norm and the agricultural sector represented both a market for capitalist commodities (such as machines, certain materials, fertilisers etc.) and a provider of means of trade (as traders and merchants were the main retailing outlet of agricultural products).

A related regulationist misconception is their implicit identification of capitalist domination of circulation of consumer commodities and retailing with the emergence of the multiple shops and the department stores. This misconception is based on a confusion between capitalist dominance of this area and capitalist concentration and centralisation. Of course the latter, when it appears, is an undeniable proof of the former. However, this does not mean that the first did not exist in advance. As Fraser (1981) shows, till the 1860s the general store (small corner shop) was the centre of provision of almost all the necessities of the workers. The goods sold were mainly cheap mass-produced capitalist products. In the UK, a radical change in retailing took place between 1850-1914 with the appearance of multiple shops (chains), specialist retailers and all-embracing department stores and the progressive elimination of the small shop and the street-hawker. Multiple shops started to appear in the 1870s and were aiming at a working-class clientele. The 1850s saw the emergence of department stores. This change signified the arrival of capitalist concentration and centralisation. However, its effective dominance was established long before and the small shop provided the vehicle for it.

Furthermore, the regulationists identify mass production (and more specifically Fordist mass production) with mass consumption. More accurately, they assume that Fordist mass production must come before mass consumption. This is a very neat and almost algebraic logical formulation. Notwithstanding, there is no reason whatsoever why mass consumption must follow mass production, let alone Fordist mass production. Indeed, there existed mass consumed products before the advent of mass production. On the other hand, the transformation of the methods of production in the strategic sectors (such as metal industry,

textiles, food processing, means of transport, agriculture etc.) took place earlier than the 1920s. Moreover, the products of many of these sectors entered directly into working-class consumption. Many of the first capitalist industries were producing cheap goods for working-class consumption. Finally, mass market emerged long before the 1920s. Fraser (1981) puts the coming of mass market in Britain between 1860 and 1914. There was already in the 1850s and 1860s a mass-market for working-class ready-made clothing by shop tailors and from the 1860s and onwards its mass-production began. Even in the crucial area of consumer durables – which may provide a last ditch defence for the regulationist argument organised around the notion of a consumer durables revolution – a mass market was created before the 1920s. Vatter (1967, p. 9), confronting the Rostow thesis, shows that in the USA this was established in a twenty-five year period in the 19<sup>th</sup> century (1844-53 and 1869-78).

Finally, there are insuperable problems with the empirical side of Regulation's argument. Although the choice of the automobile as one of the pivotal industries tends to confirm their thesis since its mass marketing took place after WWII, housing is not a very suitable representative. Working-class' housing was commodified even from the beginning. Often, especially in the provinces, it was part and parcel with the job (the mining communities in Britain are a typical example): the company provided accommodation, usually at high rents. It was, therefore, directly part of the wage contract. It was also standardised, especially in the cities where the slums predominated. Additionally, the expansion of home ownership and owner-occupier tenure after the 1950s does not represent a qualitative change in the sense implied by the regulationists (i.e. that it transformed a previously non-capitalist commodity into a capitalist commodity). On the contrary, the expansion of individual home ownership limited, to a certain extent, the field of operation of land-owning capital since the individual homeownership sector – contrary to rented accommodation – is not directly engaged in the housing market. Last but not the least, the regulationist emphasis on state intervention in housing in the USA after the Crash or even after WWII is highly exaggerated. As Florida – Feldman (1988) admit, direct housing provision was rather limited and state intervention was mainly confined to financial and credit schemes. Finally, the alleged linkage of (real) wages to productivity increases – and the subsequent capital-labour accord – have been convincingly rejected in many studies (e.g. Brenner – Glick 1991, p. 93).

## 6. Aglietta's thesis on the so-called "motive impulses"

As already mentioned one of the crucial regulationists hypotheses is that the "motive impulses" for the transformation of the production forces derive from Dept. I. This is a very popular but nevertheless erroneous assumption. Within Regulation there is no explanation of what exactly is meant by those "motive impulses" and furthermore why these are the driving force. It is something usually taken for granted by both the regulationists and many of their critics. Additionally, this hypothesis lays claim to a certain Marxian pedigree; however, Marx did not make that assumption. On the empirical ground, many of the industries that were instrumental in the birth, and for the first steps, of capitalism belonged to Dept. II and many of the crucial technological changes thereafter originated in it. Despite these problems, this popular hypothesis has, in different forms and contexts, a quite a long history behind it (see Mavroudeas 1992). Luxemburg (1971, p. 127) argued that Marx's reproduction schemes assumed that «accumulation in Department II is completely determined and dominated by accumulation in Department I». This was refuted by Rosdolsky (1977, p. 448) and Robinson (1971, p. 19), who have correctly pointed out that there is no reason why the impulse to accumulation should come primarily from Dept. I and also that Marx had not suggested so. However, many of Luxemburg's critics shared, also, this belief (Bauer 1913; Bukharin 1972). All these authors misunderstood Marx's levels of abstraction. Marx's reproduction schemes assume constant production conditions, OCC, rate of surplus-value and rate of accumulation. That is Marx was consciously abstracting from technical changes and increases in labour productivity. On the contrary almost all the subsequent formulations presuppose the changeability of these conditions. However, Rosdolsky (1977, p. 495) shows that when Marx's strict assumptions are relaxed then the necessary condition for equilibrium in expanded reproduction does no longer hold.

RA' treatment of the issue is even more problematic than those early contributions. Aglietta does not have ill-defined levels of abstraction; his theory of relations between the departments of production is obviously **constructed** neither at the highly abstract level of the Marxian schemes nor at the lower level of actual historical reality. It is **constructed** somewhere in the middle but its constitutive assumptions are not clear at all. Aglietta (1979, pp. 60-61) introduces technical change, increasing OCC and relative surplus-value on the basis of the dominance of Dept. I over Dept. II. He argues that the contradictory development of capitalist

production relations preclude any general law of evolution of the rate of return, such as the Tendency of the Rate of Profit to Fall (TRPF). Capitalist accumulation is propelled from the uneven development of Dept. I but it ultimately meets an always latent barrier. This barrier can only be raised if capitalism transforms the conditions of existence of the wage-earners. Only then capitalist production can achieve a pace of expansion which permits a harmonious development of the two departments and, hence, a regular rhythm of accumulation. Therefore, the whole historical epoch that has arisen since WWI represents a new stage in the development of capitalism.

Aglietta has a strange understanding of Marx's theory of accumulation. For Marx the contradictory development of capitalist relations of production does not proscribe an analysis of the general tendency of the rate of profit, as he did with the TRPF theory. Additionally, he does not assume that the uneven development of capitalism is based on the faster development of Dept. I. Aglietta, on the other hand, constructs a model which claims to represent, at the same time and at the same level of abstraction, a general theory of capitalist accumulation and a characterisation of the historical trends and development of capitalism. It is difficult to see how on this ground can be justified the hypothesis of the dominance of Dept. I over Dept. II. If this is not correct within the highly abstract and very strict framework of the Marxian reproduction schemes, obviously it does not hold at all in concrete historical reality. The actual, day-to-day workings of capitalism, even for the "pre-Fordist" periods, do not show any proof of subservience of the department producing means of consumption to that producing means of production nor a faster development of the former (apart from periods of initial industrialisation).

Aglietta's version is milder but even more questionable than that of Luxemburg: only the motive impulses for the transformation of the productive forces derive from Dept. I. In other words, technical innovation and the employment of the extraction of relative surplus-value take place primarily in Dept. I. This is an unsustainable hypothesis (see, also, Brenner – Glick 1991, p. 66 and 72), which Aglietta treats as self-evident. Mandel (1978), who subscribed to a more flexible version of this hypothesis (namely that although accumulation and technical change proceed faster in Dept. I in general, there are periodic variations of this pattern in favour of Dept. II and also capitalists in Dept. II will not abstain forever from innovating and employing relative surplus-value extraction), is wrong. The same reasons hold for the regulationist version;

and more forcefully since the latter does not allow even for Mandel's periodic variations in the rates of growth and the interrelationship of the two departments. In fact, RA has a simplistic identification of the transformation of the productive forces (i.e. changes in the organisation of the labour-process, technological innovation etc.) with the production of new modernised means of production.

Obviously, this is not the case. Relative surplus-value can increase with the re-organisation of the labour-process and the latter does not always require new machinery, but rather a re-arrangement of previous technological systems. Furthermore, if this is the justification for the regulationist thesis, then there is no reason why it should hold only for the "pre-Fordist" regimes and not for Fordism as well. But then Regulation's very concept of Fordism breaks into smithereens, since its major representative, the automobile industry, from which it takes its name and where the alleged radical change in the labour-process took place belongs to Dept. II (to the extent that it produces vehicles for mass consumption and not means of transport for the production of commodities).

## 7. Conclusions

The major pillars underlying Regulation's analysis of consumption are erroneous and lead to an eclectic, methodologically unorganised and empirically unsound theory. Its founding thesis (i.e. the alleged distinction between the period that capital dominates production and the period that it dominates not only production but, also, the reproduction of labour-power) is an artificial construct whose theoretical and empirical foundations are, shaky. Its three fundamental theoretical underpinnings are also invalid. First, Aglietta's theory of wage – and also the simplified version of the rest of Regulation – is theoretically and empirically false. It is theoretically false, because it misfigures – and ultimately departs from – Marxian Value theory. It is empirically false because the alleged indexation of wages to productivity increases is not verified. Second, there is no structural tendency, in capitalism, dictating that the motive impulses for technological change derive primarily from Dept. I. Hence, the extraction of relative surplus-value<sup>6</sup> has not as a necessary corollary

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<sup>6</sup> A related regulationist misconception is the thesis that an extremely long historical epoch has been predominated by absolute surplus-value. As Marx (1982, p. 769) has shown, both theoretically and empirically, capitalism is characterised – with the exception of a initial primitive

the uneven development of the two departments of production. Third, the capitalist commodification of workers' consumption is an essential as well as a functional prerequisite for the existence of capitalism and took place long before the 1920s and WWII. Additionally, Regulation's historical account of this commodification (via automobiles, housing, consumer durables etc.) is equally unwarranted. All these suggest that RA's stylised facts and intermediate concepts are groundless. Particularly, it proves that the m-r perspective leads to a deceptive understanding of history.

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and transitional phase, by the predominance of relative surplus-value. Hence, the part of the distinction between intensive and extensive RoA that depends on the distinction between absolute and relative surplus-value is also erroneous (see Mavroudeas 1999b; Brenner – Glick 1991, p. 54).

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### **Abstract**

*The aim of this study is to draw attention to this “hidden” item on the agenda of Regulation theory and to show its significance in both its theoretical structure and empirical foundation. The first part is an overview of the theory and evidence suggested by Regulation. Special emphasis is laid on the works of Aglietta for three reasons. First, because, in his first work, he provides the most explicit and articulate theorisation of the impact of consumption. Second, because there is a significant change of framework between his initial views and his later ones. Third, because his recent position, although not representative of the majority of the regulationists, is extremely helpful in identifying certain elements of his initial framework – which continue to be shared with the rest of the Regulation Approach and which were instrumental in the theory’s subsequent evolution whether in his hands or those of mainstream Regulation. The second part is a critique of both the theory and the evidence proposed by Regulation. Reference is also made to certain theories, belonging to orthodox economics and sociology, which have a surprising similarity to regulationist arguments, although not usually accepted nor even mentioned by them.*

Key words: Regulation, consumption, labour-process, accumulation, Fordism, post-modernism

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