

# Towards a Fair Global Economic Regime? A regulationist reading of the Fair Trade Regime

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## Introduction

Fair Trade, being a relative new phenomenon, has not called much attention as a research object until recent years. With the time, however, its importance has not only grown economically and politically, but also academically. The last decade has seen a stable and increasing interest for this topic in the work of social scientists and publications. Some very interesting perspectives have been presented, but it is clear that there are still some major weaknesses that need to be overcome.

In the first place, the studies on Fair Trade can be accused of fragmentation. We are facing the urgent lack of a holistic approach, since most of the research has centered only in one part of this regime: i.e. production (Jaffee, 2007; Whisler, 2009; Utting-Chamorro, 2005; Pirotte et al., 2006; Charis et al., 2002; Bacon, 2010; Vásquez-León, 2010; Hudson and Hudson, 2003), circulation (Raynolds, 2002; Fridell et al., 2008; Macdonald, 2007; Kurjanska and Risse, 2008; Vakila et al., 2010; Davies, 2009; Le Velly, 2011) or consumption (Clarke et al., 2007; Bryant and Goodman, 2004; Shah et al., 2007; Kim et al., 2010; Dubuisson-Quellier et al., 2011; Goodman, 2010). Even if it is important to acknowledge that many very interesting analyses have been done and that innovative conclusions have been offered, this fragmentary approach does not allow us to see and understand that the Fair Trade proposal works as a system as a whole and is much more than the addition of the different spheres which integrate it. It is impossible to understand the logic of this regime if we limit our research only to one section of what is actually a totality. If we continue ignoring the interactions among these levels and the analogies that they share, it will be impossible to produce a clear picture of the situation, a comprehensive overview of the regime.

Still, the fragmentation takes a step forward. It is not only that the object of study has been amputated and its parts reified. In this same process of division and partition, it is not only the regime as a whole that has been lost, but also one of its main characteristics: its multidimensional nature. Many have assumed that the Fair Trade regime is only economic, political, ethical or ideological. The main problem is that it is all of them simultaneously. It is a specific combination of a regime of accumulation and a mode of regulation that seeks to differentiate itself from “ordinary capitalism” by the inclusion of some moral minimums which are to be respected. But in doing so it immediately acquires a political dimension, a sense of opposition to the system underlies its genesis and the optimism for a new system feeds its institutionalization. To enter in this new economy means much more than to enter the “old” market, it means making a political choice. Very closely linked to this we find a whole ideological construct that the Fair Trade Regime continuously elaborates and re-elaborates in order to justify its existence and growth, seeking to achieve a hegemonic position. A whole set of symbols, values and messages are interconnected in the creation of a vision of the world that seeks to increase the number of *fairtraders* and continues in this way with the reproduction and expansion of this particular system.

In the second place, much of the literature avoids critical analysis and evaluation of the way of operating and the consequences of Fair Trade and succumbs to the official discourse they receive. The lack of a critical instance has the dangerous consequence of transforming something

that is supposed to be scientific work into mere leaflets. As examples of these visions I could quote the fight against commodity fetishism described by Hudson and Hudson (2003), the emancipatory reading that Whisler (2009) does from the perspective of “resistance,” the acritical legitimation of Fair Trade as a way of producing political mobilization (Clarke et al., 2007) or enhancing social activism (Bryant and Goodman, 2004; Gendron et al., 2009), its depiction as the best possible alternative in developing countries to free market (Vásquez-León, 2010; Bacon, 2010) or as a victim of capitalist corporations (Fridell et al., 2008). As we can see, *a priori* assumptions about emancipation and the lack of a careful, critical analysis have led most of the literature towards the elaboration of an apologetic justification of this regime. It is the consequence of an exaggerated and, sometimes, irresponsible optimism and enthusiasm for their research topic.

This critique, however, might not be able to be universalized to the whole literature, as it is impossible to deny that there are certain voices which have been critical of the Fair Trade project. Nevertheless, these elaborations are still missing the holistic approach I have described above and, in general, they criticize the system because of its imperfections or from a constructive perspective, this is, as a way to make it better (MacDonald, 2007; Schmelzer, 2010; Fridell, 2006; Beji-Becheur et al., 2008; Brugvin, 2006) but they do not put into question its nature as such.

Though this paper will not offer an analysis of the Fair Trade regime, it finds its justification in this brief literature review. What I present here is the theoretical construct that I am building in order to propose a conceptualization of Fair Trade that goes beyond the current fragmentary and a-critical state of the art. I am building a framework based mostly on the original ideas developed by the regulation approach. Though this label might give the idea of a unitary trend in political economy, regulationist perspectives cannot be said to compose a homogeneous body of literature. Different regulationist schools or groups can be identified that, even if sharing a same concern with the explanation of exceptional moments of stable accumulation in capitalist economies, differ in many of their assumptions, use of concepts and strategies of analysis. Heterogeneity goes one step forward when we also take into account the diverse positions that different researchers within a same school present and how regulationist perspectives have evolved during the time. The consequence is the impossibility of postulating “a” single regulation approach or “the” true regulation theory. Or, at least, that is not my goal. In this paper, I offer a regulationist theoretical framework that builds on and is inspired by concepts, underlying assumptions and analytical strategies developed by different regulationist authors, some of which would not even describe themselves as such. Far from trying to ascribe my position within a particular stream, I propose my own (re)construction of a regulationist perspective that draws on insights and concerns that can probably be shared by many different positions, but without necessarily identifying with any of them. This is done with two objectives in mind: on the one hand – and considering this paper as a unit in itself – the theoretical concern of advancing and combining regulationist perspectives in order to develop a solid and comprehensive perspective of analysis within the field of critical political economy; on the other hand – and in relation to my broader work – the analytical concern of developing and articulating a set of concepts that will make possible my critical analysis of Fair Trade.

In what follows, I present what my own reconstruction of such a regulationist approach. My main focus in the first section is centered on the group of authors that are most commonly identified with this perspective. I begin by describing the context where the Parisian regulation approach began, the theoretical positions it contested at that time and how it evolved during its first years. I then offer an account of the main ontological positions that most regulationists share and I use as my point of departure. After that, I present the theoretical concepts that I take from the Parisian regulation approach and continue with a critical evaluation of their work. I present, in

the second section, the Amsterdam Project in International Political Economy as a very interesting way of complementing the previous regulationist developments.

## **The (Parisian) Regulation Approach**

The crisis of the 1970s put an end to an uninterrupted process of prosperity that the most developed capitalist economies had begun to experience after the Second World War. “Les trente glorieuses” – the glorious thirty –, as it was baptized by Jean Fourastié (1979), was a period of approximately three decades during which the French economy (along other OECD economies) grew at unprecedented rates, obtaining not only high levels of production and profits, but also developing a strong system of social benefits and protection. The 1970s proved to be a shock, as they represented the first structural crisis after a long period that had only faced minor or cyclical ones. Characterized by stagnant growth rates, rising unemployment and high inflation, the originality of the crisis rejected the Keynesian explanatory schemas which were developed after 1929 and demanded new analytical efforts.

In the field of social sciences, the 1970s stressed the difficulties that the up to then dominant approaches had when it came to explaining change (Dosse, 1992:334). During a relatively stable and prolonged period of capital accumulation, the neo-classical economic theory’s concept of self-regulation or the althusserian notion of reproduction faced only minor challenges in their attempt to describe how the capitalist economy worked and perpetuated itself. Nevertheless, the occurrence of the crisis evidenced how idealistic it was to rely on a law of general equilibrium and how problematic it could be to conceive the conditions for reproduction as an already-given systemic element. The regulation approach originates in this period of crisis as an attempt to overcome the functionalist views that stressed the role of coherence and stability while overlooking the contradictory and changing nature of economy and society (Lipietz, 1988:16).

Three decades of constant growth had given the illusion of an economic system that was able to generate prosperity unlimitedly, as if it was autonomous from external factors and just depended on its own imperatives. The crisis, however, made clear how capital accumulation was far from being an automatic process and, as regulationists would argue, actually relied on a specific set of capitalist relations to be maintained working smoothly. The crisis triggered the question of why things no longer worked. But in order to answer this, it was necessary to reconsider the understanding of how had things been able to work before (Ibid:14). It is within this context that the regulationist perspective begins its development with a triple effort in mind: 1) to show that capitalist reproduction is not an automatic process that runs by itself; 2) to understand how, nevertheless, it is pursued at specific periods of time; and 3) to explain why these relatively stable periods of reproduction are ended by crises (Lipietz, 1993:131). From a regulationist point of view, stability in the accumulation of capital is not the result of a natural tendency to equilibrium or an automatic process of reproduction, but a rare moment within what is actually a contradictory and changing system. In their attempt to understand the crisis, they were not trying to explain it as an extraordinary moment that would interrupt the way in which the system normally operated. On the contrary, they perceived the long period of stability that preceded crises as exceptional: “crises, understood as a process that brutally restores the contradictory unity of the various stages of the accumulation process, ought to be the rule, not the exception” (Boyer, 1990:35). This dynamic and conflictive conception of social relations was at the base of the shift in the way of facing their historical moment: “The main idea was not to pose the question ‘why the crisis?’, as if stability

was the rule, but ‘why not before?’”<sup>1</sup> (Lipietz, 1995:40). It is in the attempt of conceptualizing the way in which capitalist relations are contingently normalized and reproduced in stabilized ways that the concept of “regulation of social relations” comes to the scene (Lipietz 1988:14).

In order to fully understand the main body of regulationist literature, it is necessary to review its context of appearance. Before fully moving to the emergence of the concept of “regulation”, I explain how it was shaped by a critical relation with structural Marxism and a rejection of the main neo-classical positions.

### **Beyond reproduction and general equilibrium**

The regulation approach’s early filiation can be well understood by acknowledging the definition that Alain Lipietz has coined and popularized: “the rebel sons of Althusser” (Lipietz, 1987b:1051; 1993:99; 1994:72; 1995:41). Though initially inspired by his innovative approach to Marxism, they soon found that the only way to explain transformations and crises of social orders was by critically building on his initial foundations. The events of May ’68 in France had proven to be a challenge for structuralism in general and for its most prominent Marxist figure in particular: the enormous mobilizations – the biggest ones in post-war history – casted doubt around a line of thought that had fossilized structures in detriment of action and agency. Just a few years later, evidence of macroeconomic stagnation and the beginning of the end of the so called golden age of capitalism would add to the criticism of a too static depiction of the world, where capitalist reproduction had been understood up to the moment as being quasi-automatic. Within this context, Althusser’s critical appraisal done by the regulation scholars comes as no surprise.

The regulation approach highlights Althusser’s rupture with an orthodox form of understanding Marx: the promise of a revolution to be mechanically unleashed by the clash between the dominant relations of production and the development of productive forces (Lipietz 1993: 106). The Marxist structuralist break provided new foundations for understanding and working with classical Marxian concepts such as modes of production or relations of production (Boyer, 1990:vii). Althusser’s ontology seems to be one of these main innovations that the approaches in terms of regulation adopted: rejecting vulgarized conceptions of Marxism (in which the economic relations determine the social and political spheres), a social formation is understood as a fabric of contradictory relations with a certain degree of autonomy from each other, but still connected by relations of overdetermination, not just a simple reflection or translation (cf. Althusser, 2005). From this point of view, the economic domain does not possess analytical preeminence; instead, certain political-ideological-economic configurations emerge, where a particular element might achieve dominance among the others. During the 1960s structuralism became a way of revitalizing Marxism and criticizing the “poor version” (Lipietz, 1994:72) defended by the French Communist Party (PCF, according to its initials in French). Some of these althusserian ideas became conditions of possibility for the regulation approach to develop. However, as Lipietz highlights, Althusser’s shift from understanding social relations as contradictory and unstable to their conceptualization as structures (Lipietz, 1993:100) – which can be clearly appreciated when comparing the compilation of his texts between 1960 and 1964 in “For Marx” (1965/2005) to the collective work written under his direction, “Reading Capital” (1968/2009) – was at the base of a theoretical approach unprepared to deal with a conflicting and changing reality. Having begun working under this paradigm, the regulation perspective would only be able to continue its way by criticizing it: what began as filiation led to rebellion.

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<sup>1</sup> My translation, the original in French: “Notre idée-force fut de ne pas poser la question “Pourquoi la crise?”, comme si la stabilité était de droit, mais « Pourquoi pas plus tôt ? ».”

Althusser's structuralism had conceived social orders as ultimately coherent and stable entities. Though power relations and class exploitation was at the heart of structures, the capitalist formation had been successful in achieving domination and enjoyed a little-contested supremacy. What Lipietz describes as the conception of a structure "without originating contradiction"<sup>2</sup> (Lipietz, 1995:42) leads to an immobile representation of society, where social relations lose their conflictive nature and class struggle seems to be indefinitely postponed. Althusser's concerns with the conditions that make social reproduction possible are in line with that image: the capitalist system can endogenously reproduce itself through social structures and ideological apparatus in quite an effective manner. Once the social relations have been structured in the right way, reproduction seems to happen automatically, making futile every attempt to revert the system. This vision not only reinforces the already mentioned tendency to overlook conflict, but also reifies the nature of reproduction. Basing their claims on long-term historical surveys, the regulation approach will describe how continued reproduction of an economic model of development is rare or exceptional. As I will explain in further detail later, capitalism is characterized by conflict and change, evidencing brief and occasional moments in history of stabilized reproduction and accumulation. Althusser denies in this way the "conflictual, contradictory, improbable and risky character of the reproduction of practices" (Lipietz 1988:17) and even more importantly, the historical changes and transformations that are necessary in order to secure a "surprising resistance to economic crises and conflicts"<sup>3</sup> (Boyer, 2002b:21).

Althusser and his followers were determined to avoid what they considered deviations within the Marxist tradition, more specifically: historicism and evolutionism. The focus on social structures sought to go beyond mere historical expressions and formulate invariant features of capitalism which could be found at any time and place. This view made capitalism an eternal and stable entity, reinforcing the fundamental role that reproduction would play instead of change and transformation. This linear conception of history contradicted what regulation researchers understood as a spiral, a process composed by moments of innovation and accumulation driven by particular modalities of change in specific historical periods (Boyer, 1990:12).

As a logical consequence, Althusser's structuralism leaves no place for agency. Individuals are considered to be mere bearers of structures and are denied any transformative power. They take part in history, but only following the script that is dictated by the position they occupy in the social totality, they express structures and nothing else. A structure without an originating contradiction is a structure where class struggle does not take place; hence, there is no room for action and change driven by social groups. But if social relations are to be understood as conflictive, if reproduction is claimed to be improbable and contradiction seems to lie at the heart of the system, a place for individual autonomy has to be found and their transformative potential properly conceptualized.

This rebellion against Althusser would launch the process of transition that François Dosse in his "History of Structuralism" calls "from reproduction to regulation" (Dosse, 1992). In order to account for contradiction, conflict, transformation, crisis and agency it became necessary to produce a double break with Althusser, as Lipietz (1995:42) explains: on the one hand, vertically, they would keep the idea of domination and exploitation already present in his work, but putting it back in movement, understanding regulation as a field of struggle. On the other hand, horizontally, the holistic approach had to be nuanced by reintroducing subjectivity, divergence of interests and a plurality of strategies to be adopted by different actors.

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<sup>2</sup> My translation, the original in French: "sans contradiction originaire".

<sup>3</sup> My translation, the original in French: "surprenante résistance aux crises économiques et aux conflits".

While the criticism of Althusser and structural Marxism acknowledges their initial strengths and a certain common ground, the opposition to the neo-classical economic theories assumes a much more radical stand. Aglietta's "A Theory of Capitalist Regulation" (1976/2000) begins with a criticism of what he calls the dominant economic theory and states that his "theory of social regulation is a complete alternative to the theory of general equilibrium" (Aglietta, 2000:13). Later regulation inspired work has kept this approach and made of the mainstream economic literature their principal rival. In order to understand what Boyer has described as a "radical and severe critique to the neo-classical programme" (Boyer, 2002a:21), I have decided to present it organized around four different thematic groups.

First, the approaches in terms of regulation reject the neo-classical indifference to history, a weakness that was also highlighted in the Marxist structuralist stream. The dominant economic theory has developed universal rules and explanation schemes that are applied to any case irrespectively of the space or time in history where it is situated (Lipietz, 1988:21). Furthermore, this emphasis on a-temporal axioms make futile any attempt to introduce historical accounts of economic facts, giving as a result an approach that is foreign to history (Aglietta, 2000:14).

Second, regulationists reject the neo-classical project of establishing a "pure economics": a self-closed discipline kept at a distance from the other neighboring social sciences (Ibid: 8-9). This epistemological position is derived directly from their ontology: the neo-classical perspective thinks of economic relations as unique, different and autonomous from other social relations, making their study the exclusive field of economics. Having "pure economics" as a point of departure leads to what Aglietta describes as the "totalitarian" aspect of the dominant theory, the practice of reducing and excluding any piece of empirical evidence that contradicts their assumptions for being mere "imperfections" (Aglietta, 2000:10). When extra-economic institutions are taken into account, it is to describe them as perturbations and therefore causes of crises (Coriat, 1994:108-9,127; Vercellone, 1994:7). "Pure economics" is detached from social conditions and temporal restrictions: "the goal of theory is to express the essence of its object by stripping it of everything contingent; institutions, social interactions, conflicts, are so much dross to be purged to rediscover economic behaviour in its pure state" (Aglietta, 2000:14).

Third, the regulation approach questions the anthropological assumptions of neo-classical economics: that economic agents are those who put the economy to work. Essentially, they are rational individuals, this means that they pursue their own and stable preferences by recurring to strategies that maximize benefits and minimize costs. This principle of universal rationality works as an a priori axiom, it is thus assumed as pre-given and as a permanent and unalterable aspect of human nature (Ibid:13). Coherently, the neo-classical perspective postulates an individualist methodology as the best way of studying economic processes, a perspective that after achieving a hegemonic position in the field of economics began expanding to other social sciences<sup>4</sup>.

Fourth, and at the heart of the regulationist assault, is the concept of general equilibrium. If individuals are the unit of analysis and driving force of the economic system, the question that follows is: how does this anarchy not collapse? To answer this question the idea of automatic regulation comes to the fore. According to the neo-classical explanation, individuals seeking their own interest are put in relation through the market that functions as a coordinating mechanism among them. It is through it that agents exchange values and information and are able to achieve a systemic equilibrium even without consciously trying to do so. The idea of general equilibrium, then, describes the viability of an economy that is entirely composed by units moved only by their

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<sup>4</sup> For an analysis of how the neoclassical micro-foundations have been at the base of economic imperialism, see: Fine, 2000 and Fine & Milonakis 2009.

own interests (Boyer, 2002a:9). Economic relations from this perspective are reduced to mere modes of coordination (Aglietta, 2000:13) and are thus deprived of any conflictive or destabilizing attributes. The idea of self-regulation possesses here the same vices that the concept of reproduction had in the structuralist framework: an excessive emphasis on its functionalist dimension and a neglect of the system's contradictory nature. The inherent tendency to equilibrium of the market, on the one hand, guarantees the compatibility of ex post rational calculations while, on the other hand, leaves historicity out of the scene, since an a-temporal equilibrium allows agents to follow their maximizing strategies without having the need to change them (Boyer 2002a:9). The enormous importance and explanatory power given to the concept of general equilibrium in the neo-classical framework leads Aglietta to characterize this theory as "totalizing", as it is absolutely devoted to the elaboration of a single concept (Aglietta, 2000:10).

### **A brief history**

The notion of regulation, Robert Boyer acknowledges, was applied to political economy by Destanne de Bernis (1975), one of the first social scientist to make use of it (Boyer, 1990:15). In importing this concept originally developed in the natural sciences, he sought to update Marxist economic analysis by freeing it from determinist constraints, offering in this way a solid alternative to neo-classical theories. With this goal in mind, he founded the Research Group on the Regulation of Capitalist Economy (GRREC, according to its initials in French) – also known as the Grenoble regulation school – which would devote its activities to the study of the different norms and arrangements involved in the regulation of capitalist relations. Inspired by systems theory, the main concept was initially defined as "the adjustment, in conformity with certain rules or norms, of several movements or acts, and their effects or products, which are initially distinct due to their diversity or succession" (Canguilhem, quoted in Boyer, 1990:15-6)<sup>5</sup>.

Though Destanne de Bernis and the Grenoble school can be identified at the origin of these developments, the so called Parisian school – which would become the dominant one – took distance from them and followed its own path. Destanne de Bernis' approach was considered to be too static, as the accumulation regime seemed to be unique and invariant, while the institutions supporting it were the only elements evidencing change (Ibid). Another important difference was the Parisians' mistrust in the elaboration and application of "general laws of capitalism" (Lipietz, 1983:xv) – namely, the tendency of the rate of profit to fall and the equalization of profit rates – whose particular articulation at a given moment in history was understood by the Grenoblois as the main object of regulation (cf. Destanne de Bernis, 1983). These features, combined with a conception of a powerful state that is able to normalize capitalist accumulation through an alliance with monopolistic or oligopolistic business – in consonance with the theory of State Monopolist Capitalism defended by the PCF – placed Destanne de Bernis closer to an orthodox Marxist position than an innovative one (Coriat, 1994:115-6). These criticized elements were at the base of what was perceived as the teleological character of Destanne de Bernis' approach (Boyer, 1990:15) and led to the objective of elaborating intermediate categories in order to make better use of the concept of regulation. Though criticized, Destanne de Bernis' work was an initial step in the direction of conceptualizing a "mode of regulation".

Sharing Destanne de Bernis' goal of proposing an alternative to the general equilibrium theory, Michel Aglietta devoted his doctoral thesis to the study of long-term capitalist evolution in the United States and produced what would be nowadays recognized as the first (Parisian)

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<sup>5</sup> For a discussion about Canguilhem's concept of regulation, its adoption by Destanne de Bernis and later criticism by regulationist authors, see: Troisvallets & Di Ruzza (2008).

regulationist work. While the perspective adopted in his dissertation was still closely linked to structural Marxism and could not be said to be properly regulationist (Jessop, 1990:171), he took a year to re-write it<sup>6</sup> – to include elements related to the market's contradictory dynamics and the circulation of commodities that Althusser had so rigidly discarded as a superficial phenomenon (cf. Althusser, 1968; Lipietz, 1979:16-17; 1995:41-2). This led to the publication in 1976 of his “A Theory of Capitalist Regulation”, which would become the initial landmark of what nowadays is known as the regulation theory. At this point, his work had not achieved the conceptual complexity that characterizes the regulation approach. However, he established the way to be followed, what constituted the essence of a perspective that studies capitalism in engagement with the idea of regulation. He attempted to show how political economy had been too concerned with accumulation while neglecting the role that social regulation plays in making it possible and stabilizing it. Regulation is not a resource exogenous to the economic system, but a set of social arrangements that is strongly involved in shaping it. Therefore, his concept of “structural forms”, defined as “complex social relations, organized in institutions that are the historical products of the class struggle” (Aglietta, 2000:19) highlights the extra-economic dimensions of accumulation. These structural forms are those social relations that at a certain time in history become fundamental to codify rules and institutionalize practices and norms of behavior in society (Varcellone, 1994:14). The coherence among different structural forms makes possible the appearance of economic regularities that are at the base of relatively extended periods of economic growth and the reproduction of social relations (Coriat, 1994:117). The idea of structural forms will be further refined and operationalized in relation to the concepts of “regime of accumulation” and “mode of regulation”, providing the most visible common background for the variety of “approaches in terms of regulation” that would later appear (Ibid:119). These intermediate categories – in between abstract invariant notions and empirical facts – would be the regulationists' alternative to the use of universal laws and the main tools used to analyze stability, crisis and their specificities.

### **Regulationist ontology**

In order to understand the questions that the approaches in terms of regulation raise, it is necessary to make clear their ontological assumptions. The regulationist perspective understands social reality as an ensemble of contradictory social relations and makes of their institutionalization, crisis and change its main object of study (Billaudot, 1996:32). A contradictory social relation can only be understood as the coexistence of struggle and unity between the two elements that compose it. Bourgeoisie/proletariat, private/social are opposing elements that constitute capitalist relations; they are the poles in a contradiction put together through their unity and struggle. The two elements are connected because they need each other (for example, proletarians need to sell their labor power to capitalists, while capitalists extract surplus-value from their work), but this connection is intrinsically conflictive (for example, the distribution of value between labor and capital). It is this dual, contradictory relationship, nevertheless, what constitutes them as what they are (Lipietz, 1979:27-9). In their conflictive relation the two poles have not symmetrical power, and that is why at certain moments one of them acquires dominance over the other one, imposing unity to struggle in their relationship. This unity, however, can only be understood as unity in struggle: unity takes the form of a struggle and it is only through struggle

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<sup>6</sup> This happened within the context of a seminar organized at the Institut National de la Statistique et des Études Économiques, where Aglietta discussed his work with, among others, Alain Lipietz and Robert Boyer.

that unity can be maintained (Ibid). The institutionalization of a social relation assumes a particular form that stabilizes it transitorily but does not eliminate the contradiction(s) inherent to the social relation in question (Billaudot, 1996:32). When a social relation can be identified it is because it has been able to be reproduced during a certain period of time (Lipietz, 1988:18), meaning that a unity among the two aspects could be achieved, this is the unity of unity and struggle. The attribution of a unitary character to a structure is a moment that allows establishing the contradiction in order to study it better and it is in this sense indispensable. However, this has to be understood as a single moment in a dialectical process of apprehending reality, since the struggle, the specifically contradictory element, is always there, threatening the structure from the inside (Lipietz, 1979:35).

To say that unity is always unity in struggle, to say that a social relation is always contradictory, is to highlight the fragility of arrangements, to depict the instability and always present possibility of change that constitutes social life. But at the same time it is to say that unity, a certain social relation at a moment in history, was shaped by and is the result of struggle. It is the struggle derived from the contradictory relations that constitute it what makes capitalism unstable. The conflict is placed in the very same heart of the mode of production, opposing the contradictory interests of bourgeois and proletarians (Boyer, 2004:22). This assumption leads Aglietta to affirm that class struggle “determines the actual movement of history” (Aglietta, 2000:66). Capitalist social relations are based on poles of opposition which will never be conciliated, though unity can be momentarily achieved and conflict postponed, the contradictory nature of the structure keeps always latent the possibility of unity succumbing to struggle. Since social relations are the unity in struggle of unity and struggle, then it becomes necessary to understand both poles of the process simultaneously: change and invariance (Boyer et Saillard 2002:60). Reality is always changing and conflictive, however, some periods of stability can be achieved and this is what the regulation approach wants to explain, this is the radically different question that they propose against those raised by the neo-classical theories: how is the unity of unity and struggle to be understood? (Lipietz, 1979:46) Or more concretely: how is accumulation possible in spite of the contradictory social relations that constitute it? It is here when the concept of regulation comes into play.

Aglietta, in his foundational text, explains the following:

This movement [the movement of history] is all the more governed by the logic of accumulation, the more the class struggle occurs in modalities that are compatible with the extension of commodity exchange. The conditions for such a canalization of the class struggle involve the totality of social relations at any given time, and it is their study that forms the content of the theory of capitalist regulation” (Aglietta, 2000:67).

This is the assumption that underlines the work of the different regulationists. Accumulation becomes possible only when the struggle inherent to the contradictory social relations can be canalized in a way that, though not making it disappear, becomes compatible with a regular accumulation. A theory of capitalist regulation will therefore study how, at a certain point in time, social relations are institutionalized in such a way that the risks that class struggle may pose to accumulation become diminished and cannot critically affect it. The particular form that such institutionalizations might assume is, of course, the contingent result of struggle; it is through the opposition and conflict of social groups that social relations are transformed and regularized in specific ways, some of which might make possible the process of reproduction (Ibid:29). Unlike a structuralist fashion, reproduction cannot thus be understood as an endogenous capacity of the economic system, but becomes actually a “social creation” (Ibid:19). Understood in this way, it is possible to conceive it as a process that, on the one hand, involves both economic and extra-

economic elements and, on the other one, does not happen automatically, but is subject to crises and ruptures. Capitalism, consequently, cannot rely on a natural tendency to general equilibrium or a self-regulating system, on the contrary, it depends on the continuity of a struggle to maintain the specific capitalist social relations that make it possible.

In another classic regulationist text, Lipietz proposes to use the concept of regulation as “the process in which unity imposes itself through the struggle of the elements”<sup>7</sup> (Lipietz, 1979:36). Regulation appears as the temporary unity of unity and struggle. The task of a regulationist perspective will then be to understand the different ways in which unity in struggle is achieved, but always taking into account that there is a dimension in the struggle that far from leading to reproduction, tends to undermine and threaten stability and the configuration of the very same social relations. The regulation of social relations makes then possible to provisionally solve capitalist contradictions and, therefore, stabilize accumulation for a certain period of time (Lipietz 1995:41). In agreement with Aglietta, we find Lipietz highlighting that “the possibility of economic regulation is therefore overdetermined by the possibility, and the fragility, of a social regulation” (Lipietz, 1979:56).<sup>8</sup> What had up to then been understood as the reproduction of a pure economy actually depends on the existence of a “consensus” (Ibid) or “great compromise” (Lipietz, 1987a:2) among the different social classes, which is built through the regulating agreements that institutionalize certain forms of social relations.

Unlike what the ideas of consensus or compromise would suggest, these arrangements are never the outcome of conscious negotiations and agreements but, as in Aglietta’s explanation, the place of encounter of hostile forces (Lipietz, 1995:41), the product of class struggle and, as such, the present expression of the balance of forces. This conflictive constitution of social relations rejects any functionalist reading of the way in which regulation is achieved. Regulatory forms were not created in order to solve contradictions, but could continue existing because they contributed to their resolution (Lipietz, 1988:20-1). Such a perspective could be considered as “functionalism after the fact” (Lipietz, 1993:129) because it does not presuppose that history has as its goal the development of certain social relations, but sees consequences of certain institutional forms as the possible effects among a wider variety. Since regulatory forms emerge contingently, many times without the intention of their “creators”, they do not have a priori reason to stabilize accumulation or work together (Boyer, 2002a:7). They could therefore be described as “chance discoveries” (Lipietz, 1988:21), structural forms that most of the time have been shaped with different expectations in mind but have with the time proved efficient in reabsorbing conflicts.

As I have mentioned at the beginning of this paper, the regulation approach found the most effective way of working with this idea of regulation in the development and application of intermediate concepts. In the next section I will develop the most important of these and their interrelations.

### **Regulation’s main concepts**

The concept of *regime of accumulation* is used to describe a long term macroeconomic situation in which the allocation and distribution of social production has been stabilized in such a way that the transformations in the conditions of production and the transformations in the conditions of consumption evolve in parallel, maintaining a complementary pattern (cf. Lipietz,

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<sup>7</sup> My translation, the original in French: “la manière dont l’unité s’impose à travers la lutte des éléments”.

<sup>8</sup> My translation, the original in French: “La possibilité d’une régulation économique est donc surdéterminée par la possibilité, et la fragilité, d’une régulation social”.

1983:xvi; 1987a:4; 1987c:15,32; 1988:31; 1986:15). When such a regime is settled, it means that the distortions and disequilibria that are inherent to the process itself have been reabsorbed, allowing accumulation to occur in a relatively coherent fashion. Such a stability in capital accumulation depends on the alignments of a set of regularities that have to do with: a specific way of organizing production and the relation of wage-earners to the means of production; a temporal horizon of capital valorization upon which managerial principles are organized; a distribution of value allowing the reproduction and development of different social classes or groups; a composition of social demand that validates the evolution of productive capacities; and an articulation with non-capitalist economic forms when they are of relevance (Boyer, 1990:35; 2004:36). The particular configuration that these regularities might assume and the different way in which they will be combined is not predictable, since different regimes of accumulation can emerge in different places or times in history, showing the compatibility of capitalist relations with a variety of macroeconomic arrangements (Boyer et Saillard, 2002:61, Boyer 1990:35).

The regulation approach has empirically identified different regimes of accumulation out of which two appear as the most important ones. Historically dominant by the end of the XIX century among the most advanced capitalist economies, an *extensive* regime of accumulation was characterized by the progressive imposition of capitalist methods and organization of production over alternative forms. Growths in capital stock were achieved by the expansion of capitalism into new areas of activity, while its techniques and organization of production remain unchanged. Thereby, it was the appropriation of absolute surplus-value that generated accumulation. In such a regime, a developing industrial working class proved of importance in the formation of profit, but did not have enough weight in order to be decisive in the formation of demand. Given this situation, the extensive regime of accumulation was mainly based on the extended reproduction of the means of production (Department I), while the production of consumption goods remained secondary (Department II) (cf. Boyer, 2004:54; Aglietta, 1979:71-2; Lipietz, 1987c:33). An *intensive* regime of accumulation, to become dominant at the beginning of the XX century, was based on productivity gains achieved through the permanent development of production techniques and the reorganization of the productive process. This regime of accumulation was shaped by the constant pursuit of scientific and technical innovations. This phenomenon was critical in the emergence of new products and the rationalization of the production methods that were at the base of an unprecedented rise in productivity gains. Growths in capital stock were not related to capitalist expansion, but to the extraction of relative-surplus value due to rises in the level of productivity and efficiency intensification in the use of resources. A massive and more developed working class became one of the critical factors in the formation of aggregate demand, producing a leveling between the production of Department I and Department II. In this regime of accumulation, consequently, a process of mass production was matched by one of mass consumption. This was possible because the working class had not only become majoritarian and acquired the power to shape the main trends in demand but also because in this regime of accumulation wages and productivity gains increased in parallel, assuring a constantly growing purchase power (cf. Boyer, 2004:54; Aglietta, 1979:71-2; Lipietz, 1987c:33).

As I have described before, long-term capital accumulation is an unstable and highly improbable phenomenon, since the contradictory nature of the social relations that are at the heart of the capitalist mode of development tend to disrupt its reproduction frequently. If a regime of accumulation survives is only because its schemas of reproduction are stable, this means that not all configurations are possible (Lipietz, 1987c:15). Stabilized regimes of accumulations do not create themselves, but are the result of “the specific coercive effects of institutional forms which

manage to create a coherence of strategies and expectations among agents living in a capitalist market economy” (Lipietz, 1988:32). It is this coherence – which can only be achieved as the result of social and political constructions – that assures the stability and reproduction of a regime of accumulation. A smooth accumulation of capital is not achieved because of the spontaneous bilateral agreements made by agents in the market, on the contrary, the form that fundamental social relations assume at a certain time in history are the contingent result of the way in which class struggle has shaped them through institutions.

The key for success seems to rely on finding an efficient *mode of regulation*, what can be understood as a relatively coherent combination of compatible institutional or structural forms that at certain point in history becomes able to adjust, guide or coerce individual and social behavior in such a way that the regime of accumulation becomes stabilized (cf. Boyer et Saillard, 2002:64; Lipietz 1983:xvi-xvii; Lipietz 1987a:4). By ensuring over time the compatibility of multiple, decentralized and conflictive procedures and decisions, a mode of regulation is not only able to support and steer a regime of accumulation, but also to make possible the reproduction of the fundamental social relations (Boyer, 1990:43). A successful mode of regulation is able to canalize the destabilizing effects that are product of the contradictory constitution of its regime of accumulation, diminishing the threats that they might pose. In this way, an economic system can only be conceived as socially constituted, since its conditions of possibility depend on an arrangement of institutions, networks, rules and norms that postpone its inherent tendencies to crisis and make accumulation possible. Being all the elements that compose a mode of regulation social and political by nature, the illusions of a pure economy can only be rejected. So it is the assumption of rational agency, since the idea of a mode of regulation stipulates that social elements are incorporated into individual behavior (Lipietz, 1987c:15).

A mode of regulation is the conjunction of a group of coherent *institutional* or *structural forms*. As explained above, the latter term was at the heart of Aglietta’s efforts to describe capitalist accumulation in the United States, while the concept of “institutional” forms is the one adopted by other regulationist authors; nevertheless they work as synonyms in the research of most of them. What are then institutional or structural forms? Basically, they are the specific configuration or codification that fundamental social relations assume at a specific time in history and in particular geographical areas (cf. Boyer, 1990:17, 37; 1990:17; Boyer & Saillard, 2002:61; Billaudot, 1996:20). They are the transitory arrangements that help social relations to reproduce (Aglietta, 2000:29), and are therefore the main formations that the approaches in term of regulation seek to analyze: “it is then necessary to show why and how the inherent contradictions of these relations give rise to a process of institutionalization, or, as we put in in this work, to the creation of structural forms” (Ibid:27). They adjust the heterogeneous decisions of economic agents, originating in this way regularities in individual and collective action and, ultimately, in the accumulation of capital. Institutional forms, as regimes of accumulation and modes of regulation, are subject to change, since the invariant aspects of the fundamental relations they shape “can only be reproduced through continual alterations of their forms and precise articulation” (Boyer, 1990:37).

The fundamental social relations, and thereby the most relevant institutional or structural forms, are subject to change according to the particular mode of production under analysis and the specific characteristics that it might assume at a certain moment in time and geographical space. The specificities of capitalist relations of exchange and production define a mode of production characterized by the primacy of exchange value over use value, the imperative of accumulation (Boyer & Saillard, 2002:60) and three main inherent contradictions: those ones between social and

private, expressed through the commodity relation; between capitalist and wage-earners, from the point of view of economic property; and as a result of the separation of producers from the means of production, from the point of view of possession (Lipietz, 1983:20-1; Boyer 1990:32-33). Most regulationist authors seem to agree that the relations of exchange and production typical of the capitalist mode of production are mainly made viable and normalized by three structural or institutional forms: the wage relation, a monetary regime and a form of competition. These three forms express respectively the way in which surplus value is appropriated, how economic units are connected and the pattern in which centers of accumulation relate to each other (Boyer, 1990:37). Two other structural or institutional forms have been identified – the state and the mode of insertion in the international context –, completing what has come to be known as the five main institutional forms (Boyer, 2004;1990; Boyer & Saillard 2002; Billaudot 1996).

Among these five structural forms, it is the *wage relation* form the one highlighted as the most fundamental by regulationists, since it is the social relation that best represents the essence and logic of the capitalist mode of production (Lipietz, 1988:26, Aglietta, 2000:380). Within capitalist societies, labor power appears to be a commodity because the wage relation has assumed the form of a commodity relation though it is not truly one (Lipietz, 1988:27); unlike it, the wage relation does not involve the exchange of equivalents (Aglietta, 2000:31). In a capitalist economy it is only a fraction of its agents that has the possibility of taking the initiative, while the vast majority of the population is relegated to a passive role. Having labor-power assumed the form of a commodity and being exchanged as such, it is subject to a process of social validation (Lipietz, 1988:27). If workers are to survive, they are compelled to sell their labor-power to capitalists who, unlike them, are not compelled to buy it. The validation of labor-power, and thus the social integration of the proletariat, is subject to the decisions that capitalist entrepreneurs will make in accordance to their own interests. This enormous asymmetry between the two poles in the productive process characterizes the basic ambiguity of the wage relation (De Vroey, 1984:46).

The conflictive inherent nature of the wage relation, however, faces a whole set of institutional, juridical and organization arrangements that seek to overcome it and make accumulation possible during certain periods of time: effort norms, control measures, incentivizing remunerations, collective negotiations, etc. (Boyer, 2004:22). The specific organization of the productive process, its duration, the level of wages, social benefits, definition of rights and duties and other similar conditions are not a free choice for each company, but the result of the capitalists' maneuvers within settled norms, rules and dispositions. Therefore, the wage relation form can be understood as the configuration of the labor/capital relation, composed by types of work organization, modalities of the worker's reproduction and their lifestyles (Boyer, 2004:39; Boyer et Saillard, 2002:62). Boyer has defined five components in the capital-labor nexus that are of key importance to understand the different historical specificities that the wage relation form has assumed: "the type of means of production; the social and technical division of labor; the ways in which workers are attracted and retained by the firm; the direct and indirect determinants of wage income; and lastly, the workers' way of life, which is more or less closely linked to the acquisitions of commodities or the use of collective services outside the market" (Boyer, 1990:38). The configuration of these elements changes with time and, at certain points in history, might prove effective in channelizing the opposition between capital and labor in such a way that this conflict would not interfere with the process of accumulation.

*Money* is the institution at the base of market economies (Boyer, 2004:14). It has a fundamental role in regulating commodity relations, since it is the mean through which the relations between centers of accumulation, wage earners and other commodity subjects are

established (Boyer, 1990:37). That is the nature of money, it is not a commodity in itself, but a general equivalent used to assure the equivalence of values in the exchange of commodities (Boyer & Saillard, 2002:61; Lipietz, 1988:22). Economic subjects are constituted through money, since they cannot operate without it. Consequently, it can be said that money, within the economic realm, has the same function as language (Boyer, 2004:16). Commodities can be validated and exchanged for money and this is how social actors perceive that they have value. However, it is important to highlight, the intrinsic value of a commodity is given by the amount of socialized labor that was necessary to produce it. This means that the “form” of the value expressed by money is determined through social relations at the level of exchange and does not necessarily reflect the “matter” of value which was created in the process of production (Lipietz, 1988).<sup>9</sup>

Having such a critical role for the functioning of a market economy, the nature of money is subject to regulations that have an impact on its dominant form and emission. A whole hierarchical system is organized by commercial banks lending credits to consumers and firms under the conditions imposed by a central bank that is in charge of the emission of legal money. This last entity plays the role of the “market secretary” (Boyer, 2004:14), regulating the availability of money according to the changing conditions of the economic system. We can thus say that the monetary regime is the set of rules that organize and structure the system of payments and credits (Ibid:15-6).

According to Boyer (Ibid:23) *competition* is the third institutional form – together with the already explained wage relation and money – that gives its distinctive character to market economies. Unlike the neo-classical positions, that affirm that market relations are driven by autonomous rational actors that take decisions based on their own interest, the regulation perspective affirms that there are certain patterns of relations among the different productive units. The competition form, consequently, seeks to give a reply to the question about the way in which different centers of accumulation organize their relations (Boyer, 1990:39). While the universal models of the dominant economic theory would affirm that the formation of prices is the coincidental result of a specific volume of offer and another of demand, the regulation perspective finds different ways in which competition can take place, giving birth to various processes of price formation according to the specific ways in which the relations among the participants of a particular market are configured. Therefore, the competition form shows “how are organized the relations among a set of fractioned centers of accumulation, whose decisions are a priori independent from each other”<sup>10</sup> (Boyer & Saillard, 2002:562).

Most authors working within the regulation approach do not usually work with or have developed a theory concerning the fourth structural form, the *state*,<sup>11</sup> but have rather characterized the various configurations that it can assume and the effects they have on various economic dynamics (Boyer, 1990:41). Understood as a field of class struggle, the more general role of the state is concerned with its regulation, as it is one of the main institutions that contribute to the protection of the hegemonic configuration of social relations, supporting the dominance of particular classes or groups of classes over other ones (Lipietz, 1988:18; 1987c:19). Periods of intense class struggle come to an end or are pacified through the institutionalization in the state form of compromises adopted by the contenders, avoiding in this way an endless confrontation

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<sup>9</sup> Lipietz has studied this relation in depth, between what he calls the exoteric and esoteric levels, in his book “The Enchanted World” (1983).

<sup>10</sup> My translation, the original in French: “comment s’organisent les relations entre un ensemble de centres d’accumulation fractionnés et dont les décisions sont a priori indépendantes les unes des autres”.

<sup>11</sup> With Bruno Théret being one of the few exceptions. See, for example: Théret, 1995; 2002)

(Ibid). Though conflicts do not disappear, they are conducted through intra-systemic channels, reducing the potential damage of their effects. This pacifying role of the state is understood as the contingent result of institutionalized compromises and should therefore not be confused with a functionalist understanding of this structural form. Far from being conceived as a monolithic entity, the state often acts in contradictory and inconsistent ways (Boyer, 2004:29). This happens because in spite of its apparent unity – a single institution with a centralized direction – its actions are the result of social conflicts that underlie the social formation as a whole. The state is not understood as the prisoner of capital, but as institution with an important degree of autonomy.

The state form is defined as the often contradictory totality of a set of institutionalized compromises that, once settled, create semiautomatic rules and regularities in the expenditures, public revenues and the orientation of its regulations (cf. Boyer & Saillard, 2002:63; Boyer, 1990:41). The state is strongly imbricated with the economic sphere, as it can be evidence by its relation with the other three structural forms that I have discussed up to now (Boyer, 2004:27-9). The creation of central banks responds to the need of including an actor that is not driven by the logic of profit or private interests, but that safeguards the always instable viability of a system of payments. The choice of monetary policies and exchange regimes are other ways in which the political sphere is linked to the monetary form. The competition form works as a mediation between the private and public sphere, with states seeking to enforce and apply rules and firms adapting their strategies of accumulation as a reaction. Most states intervene in the settlement of particular wage relations providing (directly or indirectly) social services, recognizing workers' demands for social rights and sanctioning them, among other ways. All in all, the strong interdependence between the state and the other institutional forms is nothing but the clear evidence of the close relationship between politics and economy.

The most elaborated name has been reserved for the fifth main element in a mode of regulation; this is the *form of insertion into the international regime*. Under this label is to be found the set of rules that organize the relations between the nation-state and the rest of the world, both in regard to commodity exchanges and the localization of production, through direct investment, the financing of external flows and balances or even migration policies (cf. Boyer, 2004:30; Boyer & Saillard, 2002:62; Boyer, 1990:40). In this respect, the variables to be taken into consideration are many and could have to do, among others, with the establishment of financial, monetary and trading agreements, the adjustment of exchange rates, international commercial policies or conditions for the reception of international investment. It should be noted, however, that this structural form should not be confused with the notion of an international order, which can be understood as “a particular configuration of trade and capital flows reflecting a hierarchy of competitiveness, and function according to certain implicit or explicit rules” (Glyn et al, 1990:61). The form of insertion into the international regime has to do with the position that a social and political formation occupies within this international context and how they relate. There a multiple possible combinations for this relation and cannot be simply reduced to the exertion of national sovereign powers or the imposition of international forces; they are the result of the interplay between these two tendencies. Both spheres, however, should not be understood as dichotomous and mutually exclusive: regulation strategies adopted at the internal level cannot ignore its external context, while changes and disruption in the local domain will affect the international one.

The Parisian regulation approach has mostly focus its attention in characterizing two historical modes of regulation. The first one, dominant in the most advances capitalist societies from the second half of the XIX century until the II World War, was the so called *competitive* mode of regulation. Its main features correspond to those that neo-classical approaches identify as

typical of a market economy. However, it is important to highlight that the latter present them as universal and a-temporal while the regulationist perspective frames them in an specific period of time. In competitive regulation nominal wages were based on fluctuations in industrial activity. This system of flexi-wage formation defined the individual nature of wage negotiations, linking its nominal values to the up and downs of industrial activities, the contingent relation between labor demand and supply and the specific characteristics and circumstances of each sector. In a system where labor power was sold in conditions that change day to day, with its price depending on market conditions, reproduction of wage workers became uncertain and an individual responsibility. State intervention and the role of monetary authorities were modest and collective organization of social forces was at this point quite small. Competition between capitalist was driven by prices, which worked as the main adjustment variable. The primacy of metallic money over credit money and the co-variation of nominal wages, industrial prices and productive conjuncture, produced a very unstable system whose main variables were easily and drastically altered by the fluctuations in accumulation (cf. Benassy et al, 1978; Lipietz 1988:33; Boyer, 2004: 46). The *monopoly* mode of regulation, articulated in the central capitalist economies by the beginning of the post-war era and effectively working until the crisis of the 1970s, emerged as the consequence of the development of new structural forms. At its heart was a new process of wage formation, where its actual price was determined by collective bargaining (which was largely extended and codified in parallel to the reinforcement of workers' collective organizations) and taking into consideration norms of consumption. Wages left behind their individual character and started being defined in collective terms, providing with more homogeneous intra- but also inter-sectorial levels. Wages' critical role in securing reproduction was socially acknowledged and collective elements of wage-earners' lifestyles were included in their formation. The settlement of minimum wages and longer-term contracts in combination with the indexation of nominal wages to productivity gains left behind the extreme fluctuations that were characteristic of the competitive mode of regulation. A new relation between state and economy was conceived where the former intervened in order to protect social interests from the potential harmful effects of the latter. The state's role could be seen in different areas, for example, in the provision of social services and public goods or in the composition of the elements of indirect salary. This last element was very relevant, as the access to services such as education or health became massive. Monopoly regulation was characterized by internal monetary expansion and the use of emission to cover deficits in the public finances. Credit and state money were the dominant money forms. Regulationist authors see a key feature of this mode of regulation in its relative autonomy from external constraints. Bretton Woods and a fix system of currency exchanges provided with a stable environment for international trade which nevertheless, even if permanently growing, was always secondary to the leading role that internal markets played in the determination of the overall economic activity (cf. Benassy et al, 1978; Lipietz 1988:33; 1986:18; Boyer, 2004: 47-9).

As I have explained above, it is a set of structural or institutional forms that, when exhibiting coherence and compatibility among them, constitute a mode of regulation. However, for it to last and prove efficient, it needs to favor the specific configuration that social relations have assumed in given society and time in history in order to produce and accumulate capital. When a regime of accumulation is successfully combined with a mode of regulation, we are in presence of a *mode of development* (Boyer et Saillard, 2002:64; Boyer, 2004:55), and it is the analysis of its emergence, regularities and crises what constitutes the regulationists' main object of study (Boyer, 1990:48).

The Fordist mode of development is probably the empirical finding for which the regulation approach is best known. After the II World War an intensive regime of accumulation came to be coupled by a monopoly mode of regulation, proving to lead to a sustained production and division of value until the 1970s. This mode of development has been the regulationists' explanation to the exceptionally prolonged period of stability that is commonly known as the golden age of capitalism (Glyn et al, 1990). The generalization of mass production that boosted an intensive regime of accumulation generated an unprecedented growth rate of labor productivity and capital accumulation. This increase in productivity has led to a massive growth of production already early some three decades before, but at that point it could not be sustained because the level of consumption was not high enough to follow its pace. However, the Fordist mode of regulation assured a parallel growth of real wages and productivity, allowing capitalists to maintain their profit rate but also workers' consumption capacity to increase. In this way, a massive growth of production could be counterbalanced by an increase in consumption, stabilizing the regime of accumulation. Collective and centralized bargaining procedures were in charge of (re)negotiating wages, basing their increase on prices and productivity's evolution. Prices, wage formation, productivity gains and profits became interrelated and critical factors in the stabilization of the Fordist mode of development. The role of the state was among the most salient characteristics of Fordism, as it played a leading role in macro- and micro-policy formation. The state acted through collective agreements, minimum wage legislations, transfer payments, expansion of the public sector, provision of credit and fiscal policy. With the use of these different elements, the state was key in guaranteeing the linkage between wages and productivity gains, what offered investors the anticipation of increases in consumption and diminished their perception of risks. Fordism is understood as a national mode of development. It took place in the leading capitalist societies internationally, but the critical role that domestic markets played in creating growth placed international trade in a marginal position. The global order, organized under the United States' hegemony, provided a coherent institutional framework for international trade, finance and payments. Though international trade constantly grew during this period, it could never offset the dominant position of internal markets over growth and demand, making of the nation-state the main scale where regulation operated (cf. Boyer, 2004:57-63; Glyn et al, 1990; Lipietz, 1987c:29-46).

However, following the basic regulationist assumptions, this stability is always transitory and subject to different threats. Most authors working within the regulation approach thereby work with two different concepts of crisis.<sup>12</sup> *Cyclical* or *minor crises* (Boyer & Saillard, 2002:65, Boyer, 1995:27) are those that introduce temporary problems in the production and accumulation of surplus-value but can be reabsorbed by the current mode of regulation. Since their resolution does not demand the transformation of the established set of structural forms, they can be classified as crises in regulation (Lipietz, 1973c:34). *Structural* or *major crises* (Boyer & Saillard, 2002:65; Lipietz, 1973c:34), on the other hand, appear when the mode of regulation and the regime of accumulation are no longer compatible and enter in conflict. These crises, which could be described as crises of regulation, may occur when the given mode of regulation exhausts the potential of a still viable regime of accumulation or when the emergence of a new regime of accumulation is being obstructed by an outdated mode of regulation. This type of crises is the one that puts a mode of development under risk. Since crises depend on the specific configurations that modes of regulation and regimes of accumulation assume – and the articulation among both – at a

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<sup>12</sup> Though it should be highlighted that in their attempt of systematizing the body of regulationist concepts, Boyer and Saillard (2002) analytically differentiate five types of crises.

given time in history, it can be said that there are no single and universal explanations of crises; each social formation will therefore have the crisis that corresponds to its structure (Boyer, 2004:38-9; Coriat, 1994:122).

### **Shortcomings**

I have presented up to now the main ontological assumptions and theoretical concepts that I will use in my analysis of the Fair Trade regime. The concepts of regime of accumulation, mode of regulation, mode of development as well as the different structural or institutional forms appear as excellent tools for studying Fair Trade from a holistic perspective, unlike most of the literature on the topic that examines only one sphere (i.e. production, circulation or consumption) of the whole process.

Nevertheless, it is important to highlight that the regulationist perspective presented up to now has some major weaknesses that need to be overcome in order to understand the Fair Trade regime in its whole complexity. First, the French regulation approach tends to economism. While it is true that one of its major virtues has been that of highlighting the social nature of economic relations and phenomena, most regulationist work has failed to take into account the cultural, political and ideological elements that interact with – and in many cases make possible – the economic ones. Second, it is possible to identify a tendency to structural determinism. Of course, most leading regulationist authors would argue that economic structures are shaped through class struggle and it is this phenomenon that ultimately gives form to regimes of accumulation and modes of regulation. The potentiality for explaining agency is thus there, but it has to be admitted a) that in their empirical work regulationists have not been primarily concerned with the actual political moment of agency and b) that they have not developed theoretical or methodological insights in order to analyze it. Third, they do not provide with a scale of analysis that could be of use in understanding Fair Trade. Their initial concern with Fordism led them to focus mainly on the national level, as it has been explained. Later regulationist work (for some examples see Boyer & Saillard, 2002) has tried to conceptualize international regimes and local or sectorial regulation. However, Fair Trade's nature cannot be understood with the national/international dichotomy that still underlies the regulation approach and therefore rejects the scales of analysis that have been proposed up to now. The challenge, then, is to build on a critical engagement with the French regulation approach, providing concepts and categories that would integrate political, cultural and ideological elements to the economic domain, have a deeper understanding of the role of agency and its interaction with structures and, finally, offer a scale of analysis that transcends the national/international dichotomy.

### **The Amsterdam Project in International Political Economy**

What Jessop and Sum (2006) have classified as the “Amsterdam School” refers to a group of scholars that have come together in the process of developing a perspective that could be described as “neo-Gramscian transnationalism” or “transnational historical materialism”. Bastiaan van Apeldoorn has stated that: “far from constituting a separate school – and certainly not aspiring to become one – this project must instead be seen as reflecting one particular contribution of what

was originally a single group of researchers from the University of Amsterdam to what has since become a much broader perspective” (van Apeldoorn, 2004b:110). Thereby, I will not use the term school, but that of “Amsterdam Project in International Political Economy” as it was called in the 7<sup>th</sup> issue of the *Journal of International Relations and Development* (2004), a special edition whose guest editor was van Apeldoorn.

The initial landmark of the Amsterdam project was Kees van der Pijl’s “The Making of an Atlantic Ruling Class” (1984/2012), a volume that sought to explain the transnational nature of capitalist regularization and the importance that ideological elements played along economic ones in the constitution of social classes as actors and the specific articulation that capitalist social formations would assume. Van der Pijl was soon joined by a group of scholars working in Amsterdam and progressively developed a perspective that, working within the Marxist tradition, seeks to overcome its main shortcomings: “such an integrated approach offers us an insight in how the structure/agency and economics/politics dichotomies can be overruled, and how we can transcend the so-called level of analysis problem as well as the question of external versus internal determination” (Holman, 1996:20). In doing this, they critically engage with the French regulation approach. The Amsterdam Project shares their interest in understanding the processes through which capital accumulation is normalized and regulated and thereby builds on the regulationist main concerns. Nevertheless, they highlight three main problems that the regulationists have not been able to overcome in their appropriation of Marx. In the first place, the Amsterdam project criticizes the relative neglect of agency and the dominant role that structures play in regulationist accounts (Overbeek, 2004:123). In the second place, the regulation approach is seen as excessively economic, ignoring the fundamental role that consciousness, ideology and culture play in the regulation and transformation of social formations (Ibid:115). In the third place, the Amsterdam project rejects the regulationist understanding of nation-states as self-contained entities and the natural scale of analysis for regimes of accumulation and modes of regulation (Holman, 1996:11-3; Overbeek, 2004:115,123). These three main difficulties are to be tackled by recurring to the main concepts that Gramsci developed in his reformulation of historical materialism and the adaptation that Robert Cox has done of the Italian in the field of international relations.

Though the Amsterdam Project rejects Jessop’s labeling of a “regulation school” (or any kind of school more in general), they acknowledge the fundamental importance that a critical dialogue with the regulation approach had in its development (Overbeek, 2004:122), and that is how I propose to read it, as a specific way of advancing the regulationist perspective. Van der Pijl has been explicit about this by recognizing, for example, that their approach aims to “overcome the lack of elaboration of the political sphere as a terrain of struggle by the French regulation school, and its relative neglect of the transnational/international dimensions of political economy” (van der Pijl, 2004:182) or the way in which the Amsterdam notion of “concepts of control” adds “the dimension of (international) politics and (transnational) class struggle to what Aglietta and others call ‘mode of regulation’” (van der Pijl, 2005:51).

In what follows, I present the way in which the Amsterdam Project has proposed to overcome the three main problems detected in the regulation approach by: first, theorizing class (formation) and its relevance in the institutionalization of capitalist societies; second, showing the importance of categories such as concepts of control or struggles for hegemony in taking into account the fundamental role played by ideological and cultural elements; and, third, developing the notion of “the transnational” and explaining how social, political and economic processes take place at that “scale”.

### **Class formation and the issue of agency**

One of the main theoretical premises underlying the Amsterdam Project is that capitalist societies are class societies in which the capitalist class is the ruling class (Van Apeldoorn, 2004a:154). This assumption shares the regulation approach's concern with the foundational role of social relations and sees the origin of classes in the structure of the social relations of production, where social groups occupy different positions in the process of production, reproduction and distribution of wealth. The most simple class division that can be observed is the relation between those who control and supervise the process of production (the capitalist class) and those who execute the productive tasks (the working class) (Van Apeldoorn, 2002:3). As I will explain below, the Amsterdam Project highlights the politically constructed nature of class as a social subject; however, this process, though not determined, is shaped by the material reality (understood as the unequal access to and control over material resources) which characterizes the capitalist mode of production. Hence, a first necessary and fundamental moment in the study of social classes is the recognition of the objective relations of production that lay the ground for its social constitution.

Capitalist social relations, stipulating an unequal control over the means of production, are relations of domination characterized by the uneven distribution of material capabilities. This hierarchical distribution of social groups along different positions in the capitalist mode of production determines their structural conditions of action, what means that those with no access to or control over the means of production will have smaller margins for maneuver in the exercise of their agency. Power relations are settled, with those under less structural restrictions establishing relations of domination over those whose possibilities of action are much more constrained. The capitalist class owns the means of production and thereby, based on a much bigger market power, exercises a structural domination that is used in its advantage in the material struggle between wage and profit. The asymmetry that characterizes capitalist social relations can therefore be explained in terms of its underlying class structure (Van Apeldoorn, 2002:21).

The interest in understanding how is this domination imposed has led to the study of the way in which the capitalist class achieves hegemony and exercises power over society as a whole. This task requires going beyond the basic class division I have just stated between capitalists and workers since, as Kees van der Pijl puts it: "class strategies on the part of the bourgeoisie are determined, first, by the relation to the working class in the labour process, and secondly, by the functional positions in the process of circulation of capital" (van der Pijl, 2012:31). The capitalist class can, at a first instance, be understood in opposition to the working class. It is within this frame that the capitalist class can appear as homogenous and unitary. However, remaining at this level hides the complex arrangements among different capitalist groups that have been necessary to overcome their conflicts and act as a same social class.

The Amsterdam Project goes back to Marx's Second Volume of Capital (Overbeek, 2004:118; van der Pijl, 2012:4; 2009:247-8) an use his conceptualization of the different functional forms that capital assumes (namely, commodity capital, money capital and productive capital) in order to show how capitalists engaged at different stages of the reproductive circuit of capital express particular interests according to the specific needs and requirements imposed by the way in which accumulation takes place in each case. Fractions of capital are consequently understood as "units other than individual capitals related to particular functions in the reproduction of capital" (van der Pijl, 2012:4). This functional division of capital is used by the Amsterdam Project to explain the tensions within the capitalist class through the concept of class fractions: "groups unified around a common economic and social function in the process of capital accumulation and sharing particular ideological propensities organically related to those functions" (van der Pijl,

quoted in: van Apeldoorn, 2002:27). Individual capitalists come together and join forces in order to defend their interests as fractions of the capitalist class, separately from and opposing others according to the function in the capital circuit that they deal with (van der Pijl, 2012:xv; 2004:183). The bourgeoisie, that when opposed to the working class appears so often as a homogeneous and compact class, is actually constituted by conflicting interests and structural cleavages; as Bastiaan van Apeldoorn puts it: “conflict within the capitalist class is endemic inasmuch as competition is an essential principle of capitalist accumulation” (Van Apeldoorn, 2004a:154).

The Amsterdam Project has identified two ideal-typical forms that fractions of capital assume (Overbeek, 1986:16). On the one hand, money capital represents “capital in its most general and abstract form, as it embodies the total process of capital accumulation” (van Apeldoorn, 2002:28). In the money form, capital becomes disembedded from the production process and its technical and social requirements. Money capital appears as free floating, independent from spatial fixes and the social relations that gave origin to the value it represents. That is why financial capitalists’ ideology can be identified with Polanyi’s principle of economic liberalism (Ibid.), free circulation and de-regulation. On the other hand, productive capital is more directly tied to the actual process of production and the social forces that put it into motion. Industrial capitalists depend on labor, its performance, submission to discipline and reproduction; that is why they are more oriented towards the principle of social protection (Ibid.). For they are dependent on the working class to create and accumulate value, industrial capitalist will seek to “neutralise the conflict of interest between the classes on the one hand, and (...) emphasise the harmony of interests (e.g. in continued accumulation and growth) on the other” (Overbeek, 1986:17).

Though class fractions are divided as a consequence of the functional nature of the capital they operate with, their common position in the mode of production (especially vis-à-vis the working class) may become a fertile ground for the process of class formation to take place. “May become”, I say, because there is no historical necessity involved. A shared position in the mode of production does not guarantee the emergence of class as a social actor. The institution of a social class as a political subjectivity is the outcome of the construction of common interests and collective identities (most probably) by those who occupy similar positions in the socio-economic structure (van Apeldoorn, 2002:3, 23). Class formation, then, finds its basis in the economic structure but transcends it; it is a specifically political process that institutes class as a social actor. It is in this sense that the connection of class to both structure and agency can be understood: “it refers on the one hand to the specific distribution of the conditions of action inherent in capitalist production relations and to the social positions emanating from that distribution, and on the other hand, to the agency constituted by those underlying socio-economic structure, or to the practices of the persons occupying the social positions related to those structures” (van Apeldoorn, 2002:22). Class is therefore understood as a “position-practice system” (cf. Bhaskar, 1979), where position and practices are mutually constitutive. In this same line van der Pijl has stated that “by embodying the structural inequalities of the social order, classes constitute the living reality of this structure” (van der Pijl, 2005:31), and it is from this point of departure that social classes, as political subjects, unevenly contribute to the reproduction or transformation of capitalist social relations.

Class agency is described by van Apeldoorn (2002:3) as a higher form of political agency that is directed to the constitution of a general capital interest. It goes beyond the day-to-day lobbying and sectorial representation activities, defining a comprehensive view of which the main interests of the capitalist class are and how they can be best secured. The process of the capitalist class formation requires a compromise solution for the divergent interests defended by the different

class fractions. While the formation of class fractions might appear as a simpler enterprise due to shared functional roles, overcoming the many times contradictory project pursued by capitalist fractions will not prove to be simple. Of course, there is a common ground that brings them together and facilitates class formation, as their shared interest of “allowing the basic social conditions of the mode of production to be preserved and, is possible reinforced” (van der Pijl, 2012:7) is undeniable. But still, though their situation with respect to the means of production lays the ground for unification, their respective fractions of capital incite divergence. The positions around which the different fractions will come together will be the contingent result of the balance of forces among groups and their capacity to generalize their specific interest, this it, to present their particular project as the project of the capitalist class as a whole (van der Pijl, 2012). Van Apeldoorn offers a succinct and precise formulation of class formation as:

a political process in which capitalists transcend the logic of market competition and reach a temporary unity of strategic orientation and purpose, enabling them to articulate (vis-à-vis other social classes or groups, as well as vis-à-vis the state) a “general capitalist interest”. Any formulation of the general capitalist interest is (...) always formulated from the perspective of what is only a section or “fraction” of total capital, a fraction that has temporarily achieved a leading position within the capitalist class (Van Apeldoorn, 2004a:155).

This is a continuous process that can be temporarily stabilized but is never once and for all settled. Changes in the relative importance of capital fractions, in the overall balance of class power or the need to re-articulate the hegemonic construction that had cemented a social bloc, are all among other causes triggering the actualization of class formation processes.

### **Comprehensive concepts of control**

Fractions of capital set the material basis around which class fractions are formed and a common position within the relations of production offers a common interest to ground their articulation into a single class actor. However, as I have already explained, shared structural positions and material conditions do not necessary translate into class agency. In order for a class to acquire subjectivity it is necessary for their members to build a common project and this can only happen through political intervention. It is thus necessary to acknowledge the role that the intersubjective and discursive dimensions play in the process of class formation (Van Apeldoorn, 2004a:155). Individual capitalist – or class fractions – need to be able to imagine themselves as part of a wider community, as a group where the general interest transcends the fractional ones, and the possibility of constituting a single class actor appears as a logic consequence. The common structural position needs to be made visible in discourse and objective material conditions have to be complemented by conscious ideological constructions if class subjectivity is to be established. In order to explain the process through which class fractions merge into a class actor, through which special interests are arbitrated and synthesized (van der Pijl, 2012: 7), is that the Amsterdam Project has developed the term of comprehensive concepts of control.

This theoretical category, at the heart of this stream, has been developed by many different authors, but at this point I will present the definition provided by Otto Holman according to which “concepts of control are long-term strategies, formulated in general terms and dealing in an integrated way with such areas as labour relations, socio-economic policies, and the international socio-economic and political order. These concepts serve to organize and safeguard specific interests related to specific social groups or classes” (Holman, 1996:20). Comprehensive concepts of control can be understood as frameworks of thought and practice (van Apeldoorn, 2004a:155) that lead to particular ways of interpreting reality and acting in consequence. They combine

reflexive interpretations of capitalist development with answers to questions such as the best way in which to deal with social contradictions, produce and accumulate value and regulate the relationship between the economic and political spheres. Comprehensive concepts of control are better understood as the conditions of possibility for specific actions and policies that those policies per se, as they appear “always implicit rather than explicit, a framework for thinking rather than a positive programme. It is what Pierre Bourdieu calls ‘a field of the politically thinkable’, a ‘legitimate problematic’” (van der Pijl, 2004:183).

In the process of class formation, comprehensive concepts of control find their origins in the specific class fractions that have clustered individual capitalists around, using them as rallying points to unify and represent their interest. It is those same class fractions that put them forward and try to advance them as the concept of control to be defended by the capitalist class as a whole. Therefore, the process of class formation puts different concepts of control to compete. The result will not only have to do with the relative strength of the different class fractions involved in the competition, but also with the capacity of a particular group to present their own interest as the interest of the class as a whole. Though concepts of control have fractional and interest-specific origins, they need to offer concrete material and symbolic compensations to the other groups by providing integrated political programs that combine “momentarily feasible and desired – if hardly ever mutually compatible – strategies of labour relations, competition, and domestic and international politics” (van der Pijl, 2012:7) that offer the potential to be generalized as the project of a single capitalist class, able to transcend its constitutive particularisms.

While a comprehensive concept of control is firstly aimed at unifying the different views, identities and interests within a same class, its ultimate goal is that of spilling over the other social groups gaining support and legitimacy as the representative of not anymore just a social class, but the society’s general interest (van Apeldoorn, 2002:30). A comprehensive concept of control does not only prove fundamental in constituting a social class as an actor, but also in providing ideological and political legitimacy to the domination of a social class. In this sense, it works as a multi-layered process:

A concept of control hence captures: the connection between the process of fractional and class realignment, highlighting the pivot around which it revolves in terms of fractions of capital (...) and the process of bringing on board other interests as the original vanguard strives for comprehensiveness, synthesizing or compromising with, and ultimately crowding out, other concepts. (van der Pijl, 2009:251)

In order to better understand the process through which class fractions become unified as a class around a comprehensive concept of control and seek to make it the dominant framework for interpreting and acting on reality, the Amsterdam Project recurs to the Gramscian concept of hegemony, which is understood as: “A form of moral leadership or rule based on consent rather than on (mere) coercion, although the latter is always in the background. As such it refers to an institutionalisation of a set of ideas and practices (...) constituting a structure of domination” (van Apeldoorn, 2002:20). Different class fractions come together to form a historic bloc, this is: the concrete configuration of social forces connected by mutual interests and ideological perspectives that defend a shared project and seek to make their comprehensive concept of control hegemonic (van Apeldoorn, 2002:20; Holman, 1996:22-3; Overbeek, 2004:125). In the struggle for hegemony a historic bloc and its comprehensive concept of control do not necessarily need to impose its own vision of the world to the totality. Instead, its main challenge is to find a way of articulating particular concepts of control in such a way that their potential antagonism becomes neutralized

(Holman, 1995:20). In this process, dominant class fractions need to present their own interest as the general interest, but this is not just a rhetorical practice: actual compromises with other groups need to be achieved in such a way that some of their interests become part of the hegemonic project but without hurting the hardcore interests defended by the leading class fraction: “by building hegemonic coalitions, incorporating or otherwise neutralizing countervailing forces, the aspect of generality is temporarily secured without ever truly transcending the particularity that is inherent in the concept of class itself” (van der Pijl, 2012:xv). However, even the most powerful groups at the heart of a historic bloc have to pay a price for successfully presenting their individual interest as the general one: they cannot any longer pursue their interest openly and directly, since they now have become the leading force of a wider alliance that is composed of a growing number of class fractions and social segments (van der Pijl, 2004:184).

A concept of control, therefore, represents a bid for hegemony: “a project for the conduct of public affairs and social control that aspires to be a legitimate approximation of the general interest in the eyes of the ruling class and, at the same time, the majority of the population, for at least a specific period” (van der Pijl, 2012:7). This last clarification highlights the contingent and transitory nature of any hegemonic concept of control and historic bloc. These phenomena should not be understood “conspiratorially”, as if they were imposed by the will of a social group. They are actually the unpredictable outcome (though within given conditions) of struggles among classes and among class fractions: a hegemonic concept of control “is shaped, and continuously reshaped, in the process of struggle, compromise and re-adjustment” (Overbeek, 2004:115).

The category of comprehensive concepts of control allows showing the inherent interrelation between the political and economic dimensions of class domination and struggle. It does so by linking the structural conditions, the places certain groups occupy in the mode of production and the objective material interests that are derived from there, with the ideological and political strategies through which these groups come together and constitute class fractions, social classes and historical blocs. This concept works also as a bridge between the structural conditions that produce shared material conditions for particular groups of people and the political agency that is necessary in order to give entity and reality to social classes as social actors. While comprehensive concepts of control “find their basis in specific fractional interests (...) at the same time transcend the narrow economic field, and necessarily so, because these class strategies can only be realised through the political and ideological arena” (Overbeek, 1986:16).

The Amsterdam Project has identified two ideal-typical comprehensive concepts of control which are derived from the already mentioned functional forms of capital and thereby express the antinomic positions in which capitalists are engaged: the productive capital concept and the money capital concept. The former derives from the productive capital function and is structurally linked to industrial capitalists. As such, it reflects the productive process and the social process where real submission to capital takes place (Overbeek, 2004:119). As in the case of industrial capitalists profit appears as the result of the productive function, this concept is concerned with neutralizing the conflictive potential present in the relations of production, the way in which labor processes are executed and controlled, as well as the requirements for and conditions of reproduction. In this sense, the productive capital comprehensive concept of control includes some of the interests of the working class on the one hand, as a political strategy directed to achieving hegemony and, on the other hand, because of the specific relationship that they establish due to the productive function of capital. The money capital concept is the one structurally linked to financial capitalists, those that act as agents in the process of circulation. As bearers of fictitious capital, financial capitalists tend to understand money as capital-in-general, as value in an abstract form, and thereby

neglect the social process that was at the basis of its creation. Since they relate to surplus creation only through circulation, financial capitalists are not interested in the process of production and hence advocate a concept of control “in which free flow of their merchandise, dividends, or cash crops is guaranteed by a set of conditions including free trade, unhampered competition, and cosmopolitanism”. In van der Pijl’s main historical study “The Making of an Atlantic Ruling Class” (1984/2012), however, it is concluded that this ideal-types would be found in a synthetic combination in the Atlantic area after the II World War. The corporate-liberal concept emerged as a result of the internationalization of productive capital, whose new levels of mobility made it more independent from the spatial constraints that it had known up to then, bringing it together with the money-capital’s interest in more fluid circulation (Holman, 1996:22). The idea of state monopolism, this is, a state strongly engaged in the mediation between capitalists and workers, was preserved but further events saw a regulation leading to a more flexible format of labor (van der Pijl, 2012:10). By the end of the 1980s transnational capitalists saw their forces reinvigorated and the promotion of a new concept of control began: neoliberalism. Its main goal was the dismantling of the welfare state and the restructuring of social relations in favor of private enterprises and their interests (Van Apeldoorn, 2004a:159-60). It emerged from the alliance of the most transnationalized sections of industrial capital and liberalized global financial capitalist.

### **The transnational scale**

The third element that I am interested in taking from the Amsterdam Project is their criticism of state-centrism. This can be appreciated in two different ways: in the first place, they reject theories that consider the state as an autonomous agent and the main player in world politics, in the second place, they show the futility of explaining contemporary capitalist relations and class agency using the state as a the scale of reference (van Apeldoorn, 2002; 2004a; Overbeek, 2004; Holman, 1996).

Regarding the first point, the Amsterdam Project can only think about the state in connection to capitalist relations and the social forces that give them content. Since it is not an autonomous entity, independent of the social balance of power between class fractions and the historical moment of capitalism, it cannot be understood as an actor. Instead, it is proposed to “view them [states] as structures that are reproduced or transformed by (transnational) social forces” (Van Apeldoorn, 2004a:146). They seek to overcome a reified conception of the state by embedding it in a broader field of social relations. And it is precisely this focus on social relations (of production) that the Amsterdam Project defends what puts in evidence the difficulties of working with the state as the main spatial framework of reference to examine contemporary social processes and actors. A closer look at this point leads our attention to their theorization of “the transnational”.

Understanding the relation between states and societies as a relational whole was an important first step, but taking societies seriously into the analysis led to recognizing that “national” classes or social groups have increasingly engaged in social relations that overflow the borders of the nation-state. This process has been particularly boosted by the historical expansion of capitalism on a global scale, establishing social relations of production between social groups belonging to different state-society complexes or being equally attached to more than one. The transnationalization of capital and the concomitant formation of a capitalist world market were at the base of the growth of transnational social relations, mainly economic at the beginning, but rapidly followed by political, cultural and social ones. That is why the social relations of production became the most fundamental ones in order to understand the transnational character

of social reality. This emphasis on social relations made clear how different groups of people become connected transnationally and demanded the conceptualization of transnational social relations as “social relations across and beyond ‘national’ borders” (Van Apeldoorn, 2004a:161), structures that link social lives irrespective of state frontiers. The perspective, additionally, helped to overcome the national/international dichotomy, subordinating this conceptualization to the dynamics of social relations. Framing social phenomena a priori as national or international or trying to make it fit within any of these categories forces reality into concepts. Beginning the analysis by the very same social relations, on the other hand, allows grasping their singularities and specificities irrespectively of the scale(s) where they take place. This concern is at the heart of their understanding of “the transnational”, which is not defined as a level in opposition to the national or the local level – or synonymous to the international or world level – but as “a phenomenon that extends across, and thereby links as well as transcends, different (territorial) ‘levels’” (van Apeldoorn, 2002:144).

The transnationalization of the productive process has engendered the transnationalization of social forces. It has become therefore possible for a transnational agency to emerge, constituting “non-state (private) actors whose identities and practices transcend the boundaries of a single ‘national’ society” (Ibid:2). The primacy of the relations of production in the constitution of the structural framework where agency takes place puts classes (or their fractions) among the main actors. Capitalist globalization has laid the ground for the process of class formation to take place at the transnational level. One of the main arguments put forward by the Amsterdam Project is that classes form transnationally (Van Apeldoorn, 2004a:144): the process of grouping into fractions and the constitution as a class, the generation and defense of a comprehensive concept of control and the struggle for hegemony are phenomena that the globalization of capitalist relation of productions has made essentially transnational. However, it is to be highlighted that the process of transnational class formation has been mainly restricted to the capitalist class. This happens because, through the expansion of capital and the internationalization of the productive process, it is mainly capitalists (and not workers) the ones that get in contact with each other, not only due to private transactions and businesses, but most importantly in transnational forums or planning groups (van der Pijl, 2012), providing with channels for the different capitalist fractions to politically constitute a unified class. Hence, even though the possibility of class formation at the transnational level is very concrete, this process is mostly available to those social forces “whose material interests and key ideas (within a broader political consciousness) are bound up with the progressive transnationalisation and liberalization of the global political economy” (Gill, quoted in: van Apeldoorn, 2002:32). Its position in the social relations of production, gives transnational capital a privileged structural power that can be appreciated at a material level, in its greater “exit option” – the possibility to relocate with relative ease –, and at an ideological level, in its aspiration (and an easier access to the necessary means) to represent the general capital interest (Van Apeldoorn, 2004a:159). The transnational capital class (or its fractions) appears then as one of the key players in the definition and shaping of transnational political and economic phenomena.

### **Concluding Remarks**

This paper has sought to present one particular way of advancing the regulation approach. As it was mentioned in the introduction, this (re)construction of a regulationist framework was originally driven by my interested in critically analyzing Fair Trade. However, it also aspires to be

a contribution to a wider debate in political economy, as it seeks to offer a set of conceptual tools that will enable to critically analyze contemporary phenomena of capitalist social formations

Theoretically, my main ambition is to achieve an holistic conceptualization of Fair Trade, overcoming those more fragmentary perspectives that have mostly focused on a restricted sphere (production, circulation, consumption) or particular aspects (types of actors, nature of the market, processes of standards settings, etc.). This conceptualization, nevertheless, will only be possible as an outcome of the research process as a whole and not as an a-priori way of delimitating my object of study. I have presented here the concepts of regime of accumulation, mode of regulation or mode of development not as assertions about the nature of Fair Trade but more as hypotheses. Could it be in considered to be any of those? Structural forms play the same role, they work as a guidance that will lead my attention to the analysis of social relations that appear to be critical for the stability of accumulation. This does by no means, however, imply that the five mentioned structural forms will be of relevance to Fair Trade or that their hierarchy will be maintained.

The inclusion of concepts from the Amsterdam Project such as those of fractions of capital, class formation, comprehensive concepts of control and struggles for hegemony, among others, try to complement the original regulation approach by offering a set of tools that allow taking into account the emergence and role of political agency and the inherently conflictive nature of capitalism. They also take into consideration the ideological and cultural dimensions that become critical in social struggles and the contingent structuring of institutions, regimes of accumulation and modes of regulation. The Amsterdam School provides this in a way that respects the initial regulationist assumptions about the nature of social relations of production, their structuring and connection with more “superficial” phenomena. Its concept of “the transnational” offers, a priori, a scale worth to be taken into consideration in order to understand the spatial dimensions of Fair Trade.

All in all, I believe that the current theoretical framework offers the concepts necessary to grasp Fair Trade’s specificity. The regulationist concern with underlying social relations and their conflictive and unstable nature, the acknowledgement of the embeddedness of economy in the social and political domain, the role given to the articulation of ideological elements and structural conditions, and the interplay between levels of analysis and scales, all of these features allow to study Fair Trade in all of its complexity, as much more than just a set of economic regulations.

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