

***“Growth regimes”, “accumulation regimes”, “modes of regulation” and
“growth models”.***

***A critical review of some notions commonly found in various
contributions to political economy***

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Paper prepared for the IPE online workshop ‘Frontiers in Growth Regimes Research: Theoretical Perspectives and Country Cases’, 6-7 October 2022

Why all the excitement about “growth models”?

- I will discuss growth models from the perspective of the political economy
- Baccaro & Pontusson (2016) supposed to be a “seminal article” leading to a “rethinking of political economy” ... the so-called "growth model perspective" (GMP)
- A more modest objective of the early GMP contributions was to bring demand-side macroeconomics in CPE / VoC (Hall & Soskice 2001)'s NK supply-side orientation
- What is a “growth model”?
 - No definition in B&P (2016)
 - A mere “clarification” in Baccaro et al. (2022):
‘we use the term “growth model” in a **descriptive sense** in order to distinguish among different growth models based on the decomposition of GDP growth.’
 - Is it the same as a "growth regime"?

A little-known early contribution

- The clearest exposition of what a “growth model” is can be found in various contributions of Michel Freyssenet (1941-2020), sometimes in collaboration with R. Boyer, in the 1990s/2000s
- In fact, a large part of the current PE literature on “growth models” looks like a simplistic version of Freyssenet’s conceptual framework
- To understand what “growth models” are, it is better to start there rather than look in vain for an original conceptual elaboration in the recent literature
- But also useful to look at the original French regulation theory (FRT) concepts since Freyssenet's work finds its origins there

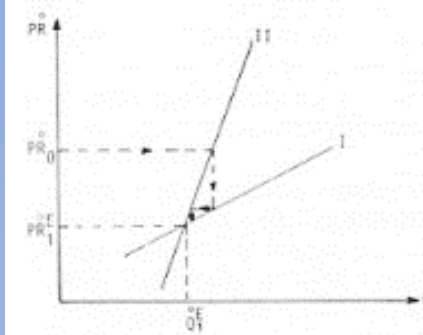
The basic FRT concepts

- Accumulation regime (a.k.a. "growth regime")
 - a set of regularities ensuring a general and relatively coherent progression of capital accumulation
 - organisation of production ; time horizon of capital valuation; income distribution ; composition of social demand...
- 5 institutional forms
 - (i) The monetary regime; (ii) the wage-labour nexus; (iii) the forms of competition; (iv) the international regime; (v) the forms of the State
- Mode of *régulation*
 - Specifies wages and productivity dynamics, price formation, credit, interest rate, taxation, public expenditure, external balance, exchange rate etc.

A “growth model”?

- Notions partly incorporated in a simple formal model: Boyer (1987), Boyer & Petit (1981, 1988)...
- Leading to Boyer (2018): **interaction between a productivity regime and a demand regime**
- “growth model” is the formal equivalent of “growth regime” or “accumulation regime”

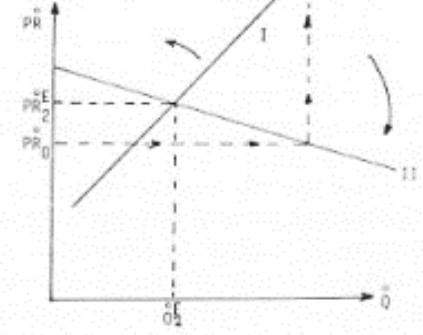
Stage 1: The nineteenth century
Moderate but stable growth



Hypotheses:

1. Moderately increasing returns of scale ($d \approx 0$, but $b > 0$)
2. Competitive wages ($k \approx 0$, $l > 0$)
3. Profit-led investment ($v \approx 0$, $u > \hat{u}$)

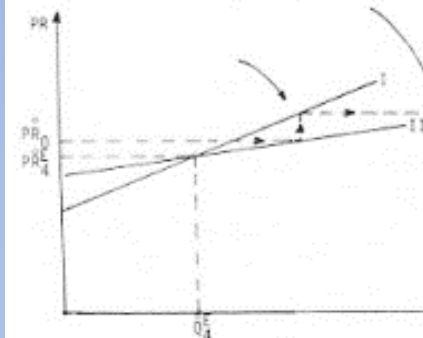
Stage 2: The inter-war period
Structural instability and crisis



Hypotheses:

1. Significant returns to scale due to Taylorism ($d > 0$, $b > 0$)
2. Still competitive wages ($k \approx 0$, $l > 0$)
3. Demand-led investment ($v > 0$, $u < \hat{u}$)

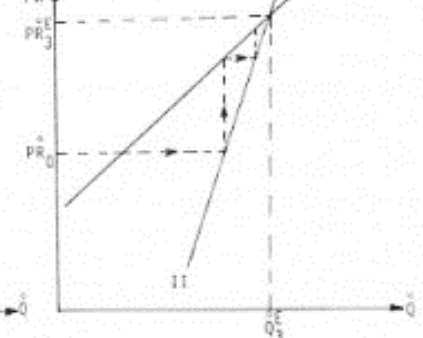
Stage 4: The Seventies
Slow and unstable growth: a structural crisis



Hypotheses:

1. Exhaustion of increasing returns to scale (d and b declining)
2. An over-indexing of wages to productivity ($k > 1 + l$)
3. The profit motive is back (v is declining, u increasing)

Stage 3: The ‘Roaring Sixties’
Unprecedented high and stable growth

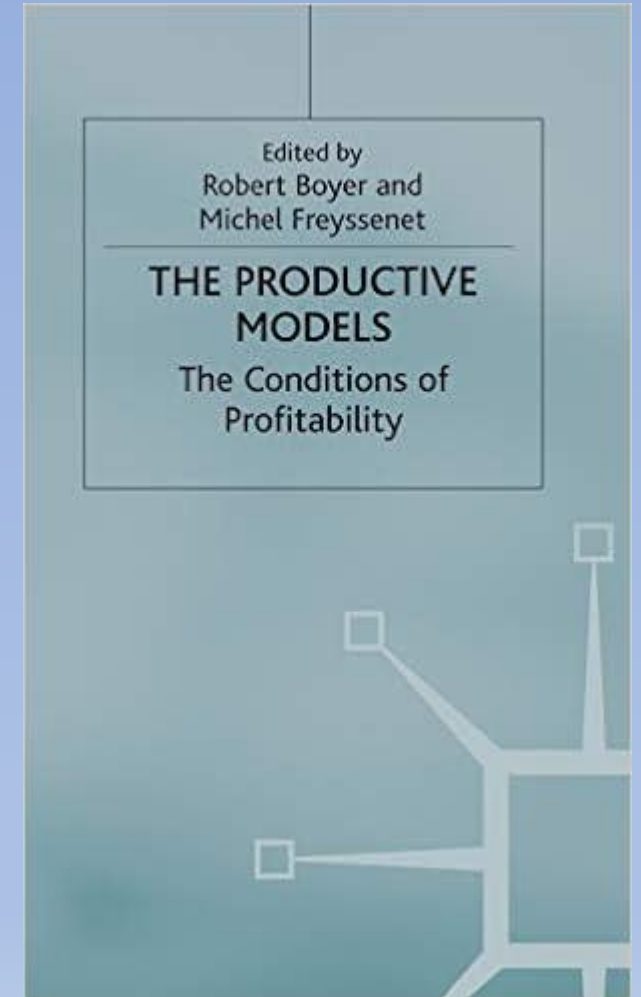


Hypotheses:

1. Fordism brings significant returns to scale ($d > 0$, $b > 0$)
2. Capital-labour compromise over productivity sharing ($k \approx 0$, $l \geq 0$) but $k < 1 + l$)
3. Consumption-led investment ($v \gg 0$, $u < \hat{u}$)

Michel Freyssenet, GERPISA, productive models

- GERPISA: international and interdisciplinary network, the Permanent Study and Research Group on the **Automotive Industry** and Employees
- Micro/meso approach: firms/sector
- **Central concept: productive models**



From productive to growth models

- *Fundamental assumption*: actors act and interact when they have to face a **common stake** from which they cannot escape as collective actor
- The major stake will be identified as *profitability*... profit strategies
- But *the conditions for success at the micro/meso level involve elements of the macro level*: employment relation, credit relation, income distribution...
- Necessity to integrate the macro/societal level

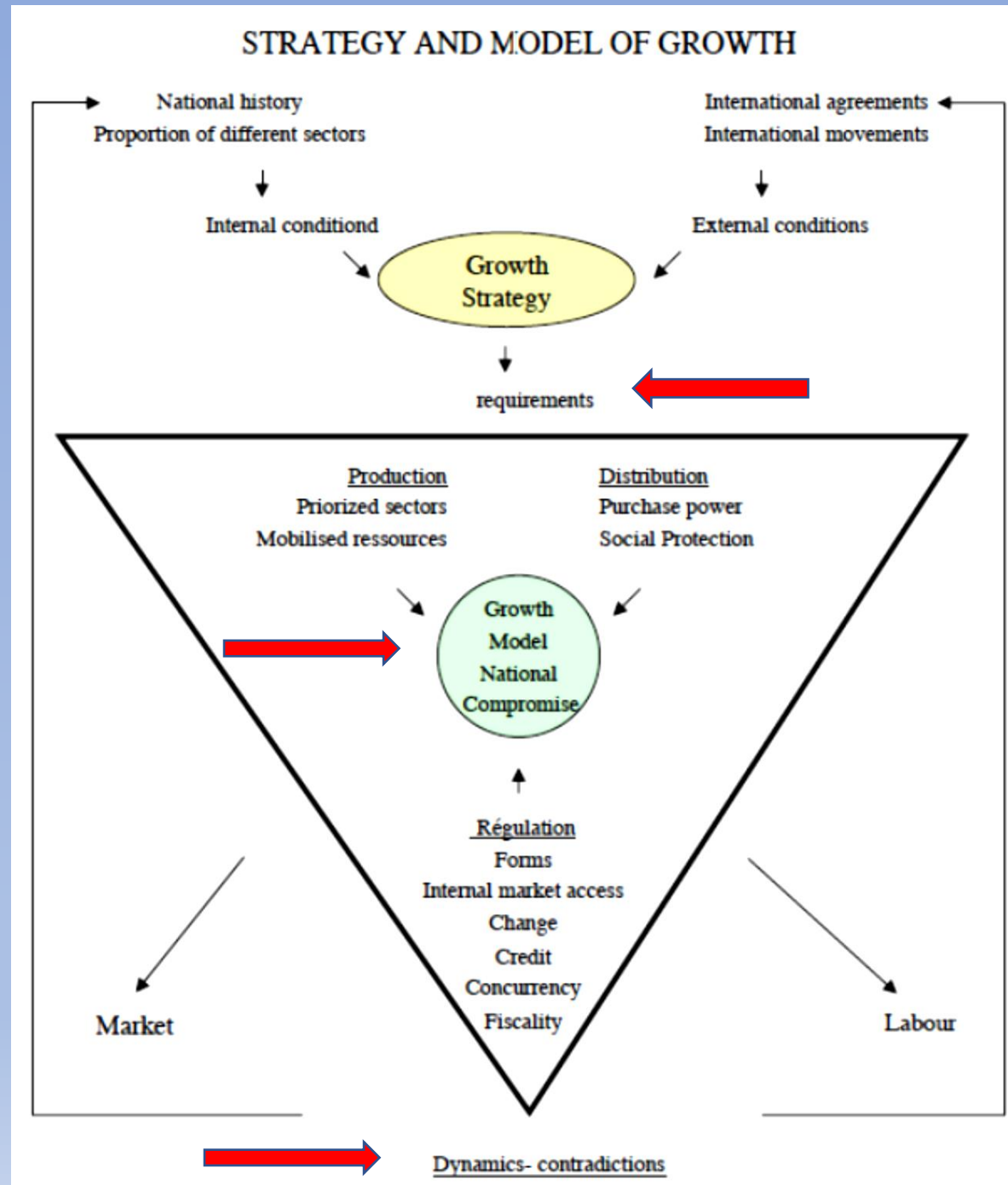
Freysenet's contribution to "growth models"

- Same conceptual framework applied at the macro level: search for the stake... **Growth**
 - Satisfaction of a double objective: power/sovereignty vis-à-vis other entities (nations) and the stability of the internal (national) *compromise*
- Since the stake is growth, the strategy at the macro level is therefore a *growth strategy*
 - "Choice" of a "source of growth": consumption, investment, net exports
- First a concept of "growth mode", ditched because it mixed the source of growth with income distribution
- Separation of the source of growth, domestic consumption or net exports for instance, from the "growth strategy", to arrive at the notion of a "growth model"

“growth model”

- "a national configuration in which the actors, having been led by **external conditions** (international relations) and **internal conditions** (particular combination of social relations) to **favour one of the sources of growth** (investment, consumption, export) in order to drive the others, **respond in a coherent manner to the requirements of this strategy**, thanks to a **political compromise** on the types of production and productivity to be favoured, on the **form of distribution of national income** to be set up, and on the **regulation** to be ensured between the production and the distribution."

(Freyssenet 2005:11).



The problems with growth models

The missing public expenditure

- $Y = C + I + G + NX$
 - I mostly overlooked in the recent GMP literature but not in Freyssenet's works
- Why could G not be a “source of growth”?
- Not only for effective demand management purposes but also as a driver of long run growth
 - Infrastructure
 - Public education
 - Health
 - R&D
 - Large scale technological projects
 - ...
- Could be a consequence of the origins found in productive models

The problems with growth models

A growth strategy which is not really a strategy

- Trade-off between growth and sovereignty (cf. Milanovic 2000)?
- Implementation of the growth strategy: how do the 'coherence of the means employed and the compatibility of the means between them' come about?
- FRT: no system engineer in charge of the stability of the system
- Emergence of the strategy: choice, contradictions, compromise, historical fact...?
- In the growth model figure shown before, the strategy commands the establishment of the compromise

The problems with growth models

An exogenous compromise

- Compromise: a necessary condition for the existence of a growth model, but a non-theorised element
- common stake central in the macro-level theoretical construction
- How is it defined? How can growth be a common objective in a differentiated society?
 - Homothetic growth as a preservation of the status quo; but some agents may have an interest in questioning the status quo
- The "choice" of the source of growth has distributional consequences (both for political power and economic resources)
- What institutions and policies will result from the confrontation of the points of view and interests of the different agents: capitalists, workers, associations, political parties, etc.?
 - Question "neutralised" once an agreement on growth is found, no matter how?

The problems with growth models

Economic determinism

- Agents internalise a single economic constraint
 - Their actions must be compatible with this objective, otherwise there would be no common stake
- Hassell & Palier (2021): 'growth and employment are the main concerns of governments because they are the key variables for electoral success'
 - Nordhaus (1975) without even a policy trade-off?
- Kalecki (1943) anyone?

The problems with growth models

Uncertain politics

- Régulation-inspired theory was supposed to be built on the consideration of social conflict
- Contestation acknowledged in Freyssenet's contributions but plays no role except maybe when the growth model is in crisis
 - Not theorised anyway
- In the GMP, all politics is subordinated to the quest for growth
- Freyssenet: objective out of reach of actors' consciousness; compromise, not unanimous consensus, but a rather simple social differentiation taken into account
- Baccaro et al.: the members of the 'growth coalition' are 'aware of the "requirements" of the growth model'. Elitist perspective
 - a 'growth coalition' that includes 'first and foremost firms and employer associations' and 'seek to project sectoral interests as coincident with the 'national interest'
 - Contours of the growth coalition are somewhat blurred: unions in 'if their interests are in tune with the sectoral profile of the growth model and can be accommodated without impairing the latter's functionality'
 - Elite politics and mass politics 'loosely coupled', especially in the conceptual framework

Conclusion

- The current GMP takes up, consciously or not, the approach developed by Michel Freyssenet, most often in a watered down version
- Freyssenet's approach is marked by its origins in micro/meso notions
 - Contradictions between what is (yet another) firm-based approach and the central elements of FRT (conflict, institutionalized compromises...); problem identified by Freyssenet but not solved
- Most of the ideas found in current GMP have been around for several decades (e.g. export-led vs. internal demand-led...)
 - Mostly descriptive, without the theoretical apparatus of economic theories (e.g. PK)
 - *Diminishing returns* indeed
 - Can GMP seriously be taken to 'transform' or 'renew' political economy?
- The only addition is the political element, and it is not very good
 - Awkward articulation of 'elite politics' and 'mass politics': more an academic strategy than a conceptual choice
 - Crude economic determinism
 - No autonomy or specificity of the political

Thank you for your attention