Overaccumulation, Class Struggle and the Regulation Approach

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1 The Limits of Keynesianism

The crash of 1987, with its ominous parallels with that of 1929, led commentators to dust off their history books. Nevertheless comparisons were made only to insist that there were no parallels to be drawn. Bourgeois commentators reassured us that the crash was merely an adjustment of overheated stockmarkets. The Left similarly dissociated the crash from conditions in the real economy, the crash indicating the parasitic and speculative character of financial markets. But can the parallels be dismissed so easily?[1]

For Marxists a speculative boom is not simply the result of the 'animal spirits' of investors, but is rather a symptom of the overaccumulation and uneven development of capital, as the associated expansion of credit increasingly spills over into unproductive and speculative channels. The consequent crash is correspondingly a symptom of a deeper crisis of overaccumulation. Nevertheless, although the crash of 1987 bears comparison with earlier crashes, it does not necessarily follow that the outcome of this crisis will match that of previous crises. Although there are some striking parallels between 1987 and 1929, there are also very considerable differences.[2] The crucial question that any diagnosis of the current crisis must confront is whether these differences are of fundamental significance. Can the modes of regulation of contemporary capitalism succeed in overcoming the contradictions inherent in the accumulation of capital, to secure a renewal of accumulation without the collapse into depression, and, more ominous, the formation of blocks, and even inter-imperialist war?

The idea that capitalism has developed the means of resolving crises of overaccumulation without plunging the world economy into deep depression is, of course, the mark of Keynesian analyses. For Keynesians fiscal and monetary expansion provides the growing demand that will absorb the products of surplus capital. However Keynesianism was discredited by the experience of the late 1960s and early 1970s, in which expansionary policies stimulated escalating inflation alongside a squeeze on profits, the collapse of investment, and rising unemployment. This experience led to the distinction between 'Keynesian unemployment', which was the result of a generalised deficiency of demand, and which could be remedied by expansionary macroeconomic policies, and 'classical unemployment', which was the result of structural imbalances between the various branches of production, caused by price and wage rigidities imposed by monopolies, state intervention and trades unions. For the monetarists of the New Right, Keynesian policies exaggerated such structural imbalances as credit expansion sustained unprofitable producers while inflation increased uncertainty and discouraged productive investment. Price stability, a restrictive monetary policy, and the removal of barriers to competition in labour, product and financial markets would restore the conditions under which the market could do its work in rectifying such structural imbalances, as capital and labour-power were reallocated among the various branches of production in accordance with the equalisation of the rate of profit and of wage rates. The recessions of 1974-5 and 1979-82 were the result of the shake-out required to achieve such a rectification, as surplus capacity, which had been sustained by inflationary credit expansion and government subsidies, was liquidated to prepare the way for the renewed accumulation that drove forward the boom of the 1980s.

The crash of 1987 revealed the limits of the analysis of the New Right. Far from eliminating the tendencies to the overaccumulation and uneven development of capital by reimposing the rule of money and the market, liberalisation stimulated such tendencies to an unprecedented degree, accumulation only being sustained by an explosion of domestic and international credit which was extended not to fund productive investment, but to fund private consumption, unproductive expenditure, and financial speculation. The crash of 1987 therefore brought the question of state intervention to the fore once more. However the question was not raised in the Keynesian context, of a deficiency of demand, but in the context of the rectification of the structural imbalances of global accumulation. These structural imbalances were generally explained not by the failure of the market, but primarily by the failure of the US authorities to curb their budget and balance of payments deficits by pursuing appropriately restrictive fiscal policies.

The growing crisis of Keynesianism provoked a crisis on the Left, which had associated itself closely, if critically, with social democratic Keynesianism. The dominant diagnosis of the crisis during the 1970s saw the crisis in rather mechanical terms, focussing on the crisis of profitability, which was seen variously as the result of working class militancy, labour shortages, or the tendency of the rate of profit to fall. However mass unemployment, and the sustained offensive of employers and the state, permitted an intensification of labour and the restoration of profitability, without overcoming the crisis-ridden tendencies of accumulation. It was clear that a more sophisticated analysis of the overaccumulation and uneven development of capital was required. This analysis has been provided over the past decade by the French Regulation School, building on the work of Michel Aglietta.

Aglietta's pioneering book, *A Theory of Capitalist Regulation*, was very much a product of the crisis of Keynesianism in the 1970s. Keynesian macroeconomic policies presumed that the microeconomic problem of the allocation of resources between branches of production would be resolved by the smooth operation of the market. Aglietta abandoned this naive assumption, drawing on various strands of criticism of the market process, from Marxist critiques of the anarchy of the market, through the Durkheimian account of the market as a system of moral regulation, and the American institutionalists, to deny the adequacy of the market as the means of securing the integration of accumulation. Thus sustained accumulation depends on the development of institutional forms which can maintain the proportionality of the 'macrostructure of production and the distribution of total income' (Aglietta, p. 355). The system constituted by such 'modes of regulation' defines a particular 'regime of accumulation'.

Aglietta's central argument was that post-war capitalism has been marked by a very different 'regime of accumulation' from that which had characterised capitalism before 1929, the transition being marked by a shift from a regime of extensive to a regime of intensive accumulation, associated with the development of Fordist methods of production. The different regimes of accumulation define very different modes of integration of capital accumulation, and in particular imply very different forms of overaccumulation and crisis. The crisis of 1929 was essentially a structural crisis of the regime of extensive accumulation, which led to the development of new modes of regulation which laid the foundations for the post-war boom. However the stability of the regime of intensive accumulation was only provisional, depending primarily on the ability of capital to stave off the tendency for the rate of profit to fall. As this tendency reasserted itself from the late 1960s the modes of regulation of the regime of intensive accumulation began to break down. Thus the crisis of the 1970s marked the structural crisis of the Fordist regime of accumulation, from which may emerge a neo-Fordist or post-Fordist regime. The immediate implication of such an analysis is that the crashes of 1873 and 1929 have no relevance to the understanding of the crash of 1987.

2 Regimes of Accumulation

Aglietta's book is empirically and theoretically very rich, and his analysis complex, at times to the point of obscurity and inconsistency. Nevertheless it remains theoretically the most sophisticated formulation of the regulation approach. Subsequent regulationist analyses have tended to use a more or less vulgarised version of Aglietta's model, which was developed primarily in relation to the United States, as an 'ideal type' against which to measure the incomplete development of Fordism in particular countries, against which to measure the depth of the 'crisis of Fordism', and in relation to which to elaborate a variety of comparative and historical typologies of regimes of accumulation and modes of regulation. Despite the fact that such analyses find it difficult to discover any examples of 'Fordism' in its pure form, even in the United States, the regulationists take it for granted that the crisis of the 1920s was a crisis of the regime of extensive accumulation, that the post-war boom was based on the institutionalisation of a 'Fordist' regime of accumulation, and that the crisis which has been unfolding since the late 1960s is a 'crisis of Fordism'. Meanwhile, although Aglietta's original analysis remains the foundation of the regulation approach, there has been very little discussion of the coherence and historical relevance of his model. In this article I want to develop a critique of that model.[3]

The starting point of Aglietta's analysis is a critique of the neo-classical conception of the market, a conception shared by many Marxists. For Aglietta the market is not the anonymous mechanism of the hidden hand, but a social institution, whose regulatory function cannot be presupposed. Thus the operation of the market has to be conceived within the framework of a theory of regulation, which establishes the possibility and limits of social and economic reproduction through an analysis of the complex web of historically specific and socially determinate modes of regulation which constitute a regime of accumulation.

Within equilibrium theories, both neo-classical and Marxist, the market ensures the proportionality of the various branches of production, and of production and consumption. However this idealist conception of the market is inadequate primarily because it abstracts from the historical dynamics of accumulation, through which proportionality is constantly disrupted, as capitalists respond to opportunities for surplus profit. Within a particular branch of production new methods of production offer such opportunities. Competition is the social process through which new 'production norms' are then generalised within that branch of production. However competition cannot so smoothly regulate the relations between branches and departments of production. In particular, opportunities for surplus profit stimulate new investment and so the more rapid accumulation of capital in the branches of production which produce the means of production (Department I). The more rapid growth of Department I leads to a subsequent increase in productive capacity in Department II, which produces means of consumption. Accumulation can only be sustained if a harmonious relationship can be maintained between Departments I and II. However this relationship is subject to two constraints. On the one hand, consumption has to grow sufficiently rapidly to absorb the growing product of Department II. On the other hand, rising consumption is the result of rising wages, which can only be reconciled with stable profits if productivity rises sufficiently rapidly to absorb rising costs. Thus the problem of proportionality focusses on the regulation of the wage relation in its dual aspect, as a cost to capital and as the source of purchasing power. There is no a priori reason why the competitive determination of wages and prices should reconcile these two aspects and so permit sustained accumulation. The pivot of a regime of accumulation is accordingly the modes of regulation of the norms of production and consumption.

For Aglietta the regime of extensive accumulation was based on competitive regulation, and the barrier to sustained accumulation was primarily the limited consumption power of the mass of the population, which was the result of competitive wage regulation and of the limited commodification of the wage. Nevertheless accumulation was possible on an extensive basis, because there was only a slow growth of productivity. The competitive mode of regulation underlay the typical investment cycle of the regime of extensive accumulation. The discovery of new products or of new methods of production led to a rapid growth in the production of the requisite means of production, without an immediate increase in the production of means of consumption, stimulating a boom. However the boom did not lead to a significant rise in real wages, so the market was unable to absorb the increased mass of means of consumption as the new capacity came into production. The barrier of the limited market appeared to individual capitals in the form of increased competitive pressure and the accumulation of unsold stocks, resulting in competitive wage and price cutting and widespread bankruptcy, driving the economy into a cumulative downward spiral. The resulting crises put considerable strain on the financial system, leading to waves of bank failures, the crisis being resolved only by falling prices, the devaluation of capital, and the destruction of productive capacity until eventually the proportionality of Departments I and II was restored. In the face of such a crisis the limited commodification of working class consumption severely limited the possibility of Keynesian remedies, and the dominance of commodity money limited the possibility of relieving the pressure by credit expansion. The cyclical form of accumulation was further exaggerated by the tendency for real wages to move contra-cyclically, the lag of money wages behind prices as the boom gathered momentum stimulating the more rapid accumulation of capital, but weakening the conditions for its realisation.

The extensive regime of accumulation reached its limits with the transition from the production of absolute to relative surplus value, associated with the development of Taylorist and then Fordist methods of production. This led to a more rapid growth in Department I, associated with the increasing organic composition of capital, but was accompanied by the even more rapid growth of productivity in Department II. The cyclical dislocation of the relations between the two Departments, which marked the regime of extensive accumulation, now became a structural feature of the new form of accumulation. This dislocation underlay the crisis of 1929, which marked the breakdown of the regime of extensive accumulation.

The regime of intensive accumulation emerged in the wake of the crisis of 1929 through the development of new modes of regulation appropriate to the new forms of mass production and accumulation based on the production of relative surplus value. At the heart of the regime of intensive accumulation lay a new mode of regulation of the wage relation which integrated the wage relation into the regulation of accumulation. This was achieved by the development of 'Fordist' modes of regulation through which rising wages and social expenditure both reconciled workers to the intensification of labour associated with Fordist methods of production and provided the rising mass consumption which absorbed the growing product of Department II. The intensive regime of accumulation does not overcome the tendency to the uneven development of the major branches of production. Indeed the tendency is now internalised, deriving not from the anarchy of the market but from the revolutionising of methods of production which underlies the production of relative surplus value, resulting in the overaccumulation of capital in Department I. However monopolisation makes it possible for capitals to anticipate the ensuing devaluation of capital and destruction of productive capacity in the form of accelerated depreciation, which is absorbed in their selling prices and accommodated by the inflationary expansion of credit, so that overaccumulation leads to creeping inflation rather than to the investment cycle of the extensive regime of accumulation.

For Aglietta the intensive regime of accumulation defines new modes of regulation and new forms of crisis. Inflation provides the mechanism through which proportionality is maintained, socialising the impact of the devaluation of capital, so protecting individual capitals from the risk of bankruptcy which precipitated crises in the extensive regime of accumulation, but at the cost of depressing the overall rate of profit. However the depressive impact on the rate of profit is compensated on the one hand by rising productivity and, on the other hand, by the erosion of real wages by rising prices.

The limits of the regime of intensive accumulation are defined by the tendency for the rate of profit to fall. This tendency does not lead to a smooth decline in the rate of profit because it disrupts the proportionality of accumulation embodied in the existing modes of regulation. The failure of productivity to rise sufficiently rapidly to compensate for the rising organic composition of capital leads to an intensification of competition and the more rapid adoption of new methods of production, which intensifies the overaccumulation of capital in Department I, and so the rate of devaluation of fixed capital, which in turn stimulates more rapid inflation. For a while the rate of profit may be maintained as inflation erodes the growth of real wages, but at the cost of provoking a class struggle which undermines the Fordist regulation of the wage relation. As workers manage to secure money wage increases to compensate for inflation and to achieve the rising consumption norm the rate of profit falls and accumulation slows down. However, despite rising unemployment, accumulation is sustained as demand is maintained by rising welfare benefits. Meanwhile inflation escalates, disrupting economic calculation, and leading to an increasingly unbalanced credit structure which is ever more vulnerable to financial crises, in which credit is subjected to the 'monetary constraint'. In the face of such crises governments cannot stand by, and permit the cumulative decline into depression, but have to act as lenders of last resort, limiting the rise in unemployment by providing credit to stabilise the financial system, so that crises lead not to depression but to stagflation, which is the typical form of crisis of the regime of intensive accumulation.

The limits of Fordist accumulation are set by the limited ability of capital to continue to raise productivity sufficiently rapidly to absorb the costs of the rising consumption norm and of depreciation charges. The expansion of credit may continue to relieve the pressure on profits for a time, but only at the expense of accelerating inflation, a fall in investment, a slowing down in the growth of real wages, and rising unemployment. Although the source of the crisis appears at first sight to lie in the growing pressure of wages and taxation on profits, attempts to resolve the crisis of profitability through cuts in wages and public expenditure can at best provide temporary relief, at the cost of further exaggerating the disproportionality of Departments I and II by reducing demand for the means of consumption. The crisis can only be overcome, and accumulation sustained, if capital can find ways of increasing the production of relative surplus value to reconcile the requirements for the production and realisation of surplus value, particularly through the development of neo-Fordist production methods in the public sector, or, as others have suggested, such panaceas as 'flexible specialisation', the Japanisation of industrial relations, the microelectronics revolution, or the segmentation of the working class and the globalisation of production.

Although Aglietta was sceptical of the possibility of a neo-Fordist regime of accumulation, the concept has gained popularity as a theoretical prop to one or another version of the New Realism.[4] According to such interpretations the development of neo-Fordist production methods has changed the form and focus of the class struggle. Traditional forms of working class organisation and of industrial and political struggle developed in the Fordist age are no longer appropriate to the neo-Fordist era. Correspondingly new forms of organisation and struggle have to be developed which can build on the progressive aspects of neo-Fordism to secure the economic and social advance of the working class. However, while it is important to respond to changes in the forms of capitalist exploitation, and to broaden and deepen the organisation and struggles of the working class, the underlying belief that neo-Fordism, whatever that may mean, provides the basis of a new regime of accumulation, and so of an accommodation with capital, is altogether more doubtful.

3 Structural-Functionalism and the Class Struggle

Aglietta did not see the regime of accumulation as a means of overcoming the crisis-ridden tendencies of accumulation, but rather as a set of institutional forms which structured the tendency to overaccumulation and crisis. Thus the stabilisation of capitalism secured by the regime of intensive accumulation was only limited and provisional, the regime defining new forms of class struggle and new mechanisms by which crises would restore the conditions for sustained accumulation by restoring proportionality. Moreover Aglietta emphasised the 'ideal-typical' status of the concept, which is one 'required for the development of a theory of social regulation, and not for a periodisation of concrete history' (Aglietta, p. 71.), so that every particular social formation has to be analysed as a combination of the typical forms of the extensive and intensive regimes, although he never addressed the theoretical and methodological problems raised by such an approach (problems which are only too familiar to those who suffered the structuralist debates around the notion of the 'articulation of modes of production').

Although Aglietta's original analysis gave an important role to the class struggle in determining the course of wages, the growth of productivity, and the inflationary expansion of credit, the regulation approach has tended to adopt a structural-functionalist model of successive phases of structural integration and structural disintegration, which has been used as the basis of a periodisation of the long waves of capitalist accumulation. In a phase of structural integration sustained accumulation is possible within the framework of appropriate modes of regulation. As accumulation comes up against the limits of profitability within the existing regime of accumulation capital seeks to develop new forms of production to increase the rate of exploitation. However these new forms of production undermine the structural integration of the regime of accumulation, leading to a phase of disintegration in which the foundations are gradually laid for a new regime of accumulation.

The proponents of this model, and Lipietz in particular, vehemently deny that it is either voluntarist or functionalist.[5] There is neither a subjective will nor an inevitable logic underlying the emergence of a new regime of accumulation. Thus the phase of disintegration is a phase of class and political struggles which may be long drawn out, involving a lot of trial and error, before, by luck rather than judgement, a stable regime of accumulation emerges.

The charge of structural-functionalism is not so easily dismissed. A structural-functionalist theory defines the conditions for social stability, but it does not necessarily presuppose that stability will be achieved or sustained indefinitely, if the structural conditions are not met or break down. While the institutionalisation of a regime of accumulation may be the purely contingent outcome of the class struggle, it is nevertheless the objective condition for the stabilisation of capitalist class relations, and it is this stability which regulation theory aims to explain. In the relation between structure and struggle it is the class struggle which takes the subordinate role, its significance constrained by the structural imperatives of the regime of accumulation (c.f. Bonefeld, 1988).

This theoretical weakness is already inherent in the regulationist critique of neo-classical conceptions of the market. The regulationists are correct, but hardly original, in noting that the quantitative relations between things are the fetishised forms of social relations between people, so that the market has to be seen as a form of social regulation. The fundamental weakness of the regulation approach is that it does not take this insight far enough.

The crucial question is that of the relationship between these two aspects of commodity relations. For the regulationists it remains the quantitative relations between things which are primary. They criticise the neoclassical answers, but they still ask the same question: how is capitalist reproduction possible? They recognise that economic relationships are socially regulated, but the regulation of social relationships is still subordinate to the functional requirements of the expanded reproduction of capital. Thus the regulation approach stops short at a sociological critique of economics, and fails to develop the Marxist critique of political economy.[6]

The institutional forms identified by the regulationists are of fundamental importance to an understanding of the historical development of the capitalist mode of production. However these forms are best understood as institutional forms of class relationships, through which the quantitative determination of relations of production and exchange is subordinate to the struggle over the reproduction of capitalist class relations. 'Modes of regulation' are better understood as institutional forms of class struggle, which certainly define the specific historical character of accumulation, but which do not define qualitatively different 'regimes of accumulation'. A crises of these modes of regulation is correspondingly to be understood not as a crisis of disproportionality, but as a crisis in the forms of capitalist domination. In order to develop this argument it is necessary to examine more closely both the historical applicability and the theoretical coherence of the theory of regimes of accumulation.

4 The Crisis of the Regime of Extensive Accumulation

Aglietta's characterisation of the contradictions inherent in the regime of extensive accumulation is based essentially on the US boom and crash of the 1920s. For Aglietta the crash was the expression of an underconsumption crisis, deriving from a sudden upsurge in the rate of productivity growth in relation to the limited consumption power of the mass of the population, while the severity of the crash and the failure of the authorities to relieve the crisis derived from the dependence of the financial system on gold as the money commodity. Thus the crash expressed a crisis in the regime of extensive accumulation. However there is little quantitative or qualitative evidence that 1929 marked the transition from one regime of accumulation to another.[7] In particular the crucial features of the regime of intensive regulation (the production of relative surplus value, the growth of mass consumption, and the dominance of credit money) were well established features of accumulation throughout the nineteenth century.

4.1 Working class consumption and extensive accumulation

The idea that accumulation before the First World War was based on the production of absolute surplus value appears very strange to anyone familiar with the rudiments of the economic history of capitalism. Although the transformation of methods of production in Department I was very limited before the late nineteenth century, this was certainly not the case in the dominant branches of production, such as agriculture, textiles, metal manufacture, brewing, food processing and the means of transport, which were precisely the branches whose products entered directly or indirectly into working class consumption. It was the penetration of capital into these branches of production which provided the driving force of the agricultural and industrial revolutions of the eighteenth and nineteenth centuries, and which was inseperably associated with the proletarianisation of the direct producers and the commodification of the wage.[8] Moreover there is no evidence that the low level of wages was a fundamental barrier to the sustained accumulation of capital on the basis of the production of relative surplus value.

There is no doubt that the basis of working class consumption in the nineteenth century was more limited than it is today. Real wage rates probably did not increase significantly before the last quarter of the nineteenth century. In the nineteenth century many labourers supplemented their meagre wages with their own subsistence production, and a proportion of the commodities they purchased were the products not of capital, but of petty commodity producers. However the crucial point at issue is not the general level of wages or of working class consumption, but of the dynamic relationship between production and consumption.

The limited base of working class consumption in the nineteenth century corresponded to a limited development of the productive forces. Moreover the relative stagnation of wage rates by no means implied a slow growth in the market for capitalists producing the means of subsistence. Although wage rates did not rise significantly, the massive sectoral shifts towards higher paid employment provided a rapidly growing market for the means of subsistence. Moreover the extent of petty commodity production, far from constituting a drag on capitalist accumulation, presented advanced capitals with opportunities to expand the market not at the expense of their fellow capitalists, and so the rate of profit, but at the expense of petty producers, the only barrier to such expansion being the limited development of the means of transport. Thus the penetration of capital into the production of the means of subsistence, at the expense of petty commodity producers, provided both a growing supply of cheap labour-power and a growing market for the products of capital. Although the expansion of the market was indeed predominantly 'extensive' rather than 'intensive', it was by no means the case that the barrier to accumulation was low wages or the limited commodification of working class consumption, or that periodic crises were crises of underconsumption. Nor was it the case that the dominance of commodity money limited the ability of monetary authorities to stimulate the growth of the market to sustain accumulation and stave off crisis by the expansion of credit.

4.2 Gold, credit money and extensive accumulation

The existence of the gold standard in the 1920s by no means implied the existence of commodity money. Although gold was a commodity which served as world money, it was not a form of commodity money. The money character of gold derived not from its direct convertibility into commodities, on the basis of its own value as a commodity, but to its immediate convertibility into national currencies at fixed exchange rates, a convertibility which was guaranteed politically by the *state*. Thus gold stood in relation to a particular national currency not as commodity money, but as the representative of all other currencies. It was correspondingly not gold which guaranteed the money character of the national currency, but the generalised commitment of national governments to the convertibility of their currencies into gold which guaranteed gold's money character. The gold standard was, from its very beginning, a gold-exchange standard, and gold was correspondingly no less a form of credit money than the national currencies through which alone it could serve as means of international payment.

The gold standard certainly limited the ability of national monetary authorities to expand credit. However this was not an indication of the primitive development of the credit system, but was imposed politically on bankers and the state as the only guarantee against the temptation of politicians and bankers to stimulate the inflationary overexpansion of credit. The issue of gold convertibility was a deeply political issue, and essentially a class issue, which played a central role in the struggles between capital and the emerging working class over the form of the state. Currency reform was a central plank of the popular radical platform in Britain in the early nineteenth century, and currency reform meant freeing the currency from the gold fetish in order to relieve unemployment and distress by public works and the expansion of credit. The idea of labour money lay at the heart of the programme of the Owenite socialists in Britain, and of the Saint-

Simonians and Proudhonists in France (and it was with the critique of such programmes that Marx returned to his economic studies in the *Grundrisse* in 1857). The demand for free banking, and later for bi-metallism, was the clarion call of populism in the United States.

The capitalist class fought hard to resist all these proposals to free the issue of the currency from the constraint of gold convertibility. The universal fear of capitalists was that the unrestricted issue of the currency would stimulate inflationary 'overtrading', which could only be corrected by a financial crisis and depression. The gold standard, far from representing the persistence of antediluvian forms of money, marked the defeat of British popular radicalism in the first half of the nineteenth century, was only generalised in the wake of the world crisis of 1873, and only finally consolidated with the defeat of populism in the US election of 1896. Similarly the reconstruction of the gold standard after the First World War was again a class issue, as the capitalist class drew the lessons of the revolutionary impact of wartime inflation. The gold standard, far from representing a barrier to accumulation, was a device adopted to embody the political dominance of the money power of capital in the face of popular inflationism.

The gold standard by no means prevented the monetary authorities from pursuing more or less active stabilisation policies, nor from acting as lender of last resort. In the last analysis they could, and regularly did, suspend convertibility to sustain expansionary policies, particularly in wartime and in the peripheral regions. The question of whether the authorities should sustain the overaccumulation of capital by the inflationary expansion of credit, or should contain it by pursuing contractionary policies, even at the cost of a financial crisis and depression, has always been a political issue, the resolution of which expresses not the form of money, or the structure of the regime of accumulation, but the balance of class forces.

The pursuit of restrictive policies in the face of the 1929 crash was correspondingly not dictated by the dominance of commodity money, but was a political decision. The suspension of gold convertibility would certainly have allowed the authorities to pursue expansionary credit policies to alleviate the impact of the crisis. However continued adherence to the gold standard was by no means irrational from the viewpoint of the state or of the capitalist class, however much damage deflationary policies caused. On the one hand, as happened in the 1930s, there was a real fear that the collapse of the gold standard would lead to competitive devaluation, protectionism and the formation of blocks. On the other hand, the ruling class feared the political consequences of inflationism even more than it feared those of depression, and for good reason. The class struggles unleashed by wartime and post-war inflation had been a major factor in precipitating the rise of revolutionary movements. The attempt of the German government to stave off the crisis of 1921 by inflationary means had led to the demonetisation of credit and the devaluation of capital by inflation even more surely than did the deflationary policies pursued on a world scale after 1929.[9]

5 Fordism and the Regime of Intensive Accumulation

There is no evidence that the crisis of 1929 was a crisis of a regime of extensive accumulation, marking the transition to a new regime of intensive accumulation, because the elements of the intensive regime were in place long before 1929. The production of relative surplus value, rising mass consumption, and credit money all dated back to the eighteenth century. Even the specific institutional forms of 'Fordism' (monopolisation, the rise of mass production, industrial relations, and social reform) had been growing up alongside one another since the 1870s. However this is not sufficient to discount the regulationist theory. Even if the theory of the extensive regime of accumulation is rejected, the regulationists might re-interpret the entire history of capitalism to 1945 as the pre-history of Fordism. Thus we must turn to the model of Fordism and the regime of intensive accumulation. We might start by asking the simple question, how long was the 'longish period' of Fordism (Lipietz, 1984, p.85)?

5.1 How long did 'Fordism' last?

The institutionalisation of the 'Fordist regime of accumulation' was associated with the monopolisation of industrial capital; the generalisation of Fordist methods of production; the institutionalisation of a generalised expectation of rising wages in the annual pay round; the institutionalisation of regular increases in welfare expenditure; and the liberalisation of monetary and financial markets, culminating in the adoption of Keynesian macroeconomic policies which set the seal on the regime of accumulation by maintaining full employment by fiscal regulation and by providing the permissive credit environment which could absorb overaccumulation through inflation.

The post-war boom was not initiated by Fordist modes of regulation. The immediate post-war period of reconstruction was marked not by Fordism but by austerity, by sharp industrial and political class struggles, and by direct state intervention to establish both a high rate of profit and the proportionality of the various branches of production at the national and international levels. The looming post-war recession was staved off not by rising wages but by the Marshall Plan, rearmament and the Korean War.

It was not until the early 1950s that the elements of Fordism began to be put into place, and not until the early 1960s that the institutionalisation of Fordist modes of regulation could be considered anywhere near complete. On a global scale the key dates might be identified by the 'Americanisation' of European industry under the Marshall Aid programme and the subsequent flood of US direct investment, which generalised Fordist production methods and Americanised industrial relations; the 'Keynesian' impetus of rearmament and the Korean War boom, which established the inflationary environment which institutionalised monopoly pricing and the annual pay round; the restoration of European currency convertibility in 1958, which was the culmination of the dismantling of wartime controls; the endorsement of 'incomes policies' by a majority of OECD countries in 1961, which marked the rejection of deflationary responses to inflation and identified the wage relation as the focus of regulation; and the move to social democratic policies in the mid-1960s, dominated by Johnson's 'Great Society' programme, which institutionalised both expectations of rising social expenditure and inflationism on a global scale. We can perhaps say that the elements of the Fordist regime of accumulation were in place by the early 1960s, although in any particular country they were only imperfectly institutionalised.

If Fordism was more or less institutionalised by the early 1960s, its crisis developed as soon as it was in place. In Britain the failure of Keynesian policies to secure stable full employment growth led to the rise of Keynesian interventionism from 1961. The dash for growth in 1963 soon came up against the balance of payments constraint. Harold Wilson's Fordist hope that Keynesianism plus 'rationalisation' would provide the key to prosperity were soon thwarted by the same constraint. The devaluation of 1967 marked the crisis of Fordism not only in Britain, but also on a global scale, as it precipitated a rush into gold and brought the dollar into the speculative front line. The crisis was similarly expressed in the rapid intensification of the class struggle between 1967 and 1971. In the face of the growing pressure of working class demands accumulation was only sustained by the increasingly inflationary expansion of credit on a global scale, which was maintained as the post-war boom moved into the speculative phase that culminated in the crisis of 1974. The emerging crisis of Keynesianism led to the progressive abandonment of full employment, in favour of price stability, as the primary target of macroeconomic policy, and the corresponding reimposition of the 'monetary constraint' on public expenditure, credit expansion, and wage bargaining from the late 1960s, culminating in the rise of 'monetarism' through the 1970s. If such a thing as the 'Fordist regime of accumulation' ever existed, it was singularly ineffective at securing the 'stabilisation in the allocation of the product between production and consumption over a longish period'.

5.2 Fordism and the Post-War Boom

The regulation approach not only overestimates the stability and duration of 'Fordist' modes of regulation, it also overestimates the contribution of Fordism to the post-war boom even in its heyday, and so the extent to which Fordism can be considered a systematic 'regime of accumulation'. The emphases of its interpretation of the post-war period are, to say the least, very selective.

While there is no doubt that rising wages helped to sustain accumulation in the post-war period by providing a growing market for the products of capital, it is important not to overestimate the impact of mass consumption. The bulk of wages continue to be spent on food, clothing, fuel and housing. The consumption of the rapidly growing middle class, and increasingly sophisticated military expenditure, were more significant for the ultimate absorption of the product of the most dynamic branches of production than the consumption of the direct producers. While unproductive social expenditure and rapid depreciation absorbed surplus capital, there is no doubt that military expenditure, consumer credit, and unproductive capitalist expenditure were at least as significant in this respect.[10] While rapid productivity increases maintained profitability in the face of the growing overaccumulation of capital, rising wages and escalating unproductive expenditure, productivity increases in manufacturing were no more spectacular than in other branches of production, and only a part of manufacturing can be characterised as Fordist.[11] Indeed productivity rose more rapidly in agriculture, and parts of transport and distribution than in manufacturing. Moreover, the improving terms of trade of the metropolitan centres of accumulation, based on the massive overaccumulation of capital in primary production between 1951 and the late 1960s, and then during the 1980s, gave profits an added boost.

When it comes to the modes of regulation of the post-war regime of accumulation the regulationists are on even shakier ground. It is simply not the case that wages were regulated in the post-war period according to the regulationist model. Although rising productivity, and the improving terms of trade, certainly made it possible for rising real wages to be reconciled with a relatively stable rate of profit, the post-war settlement was based on a generalised expectation of rising living standards, without regard to constraints of profits or productivity, an expectation that was institutionalised in the annual pay round and the 'going rate', a rate which was demanded by productive and unproductive workers, by private and public sector workers, by workers in manufacturing, services and agriculture. Thus the structure of pay differentials remained remarkably stable, despite the very different rates of growth of productivity (and employment) in different branches of production. Moreover the evidence for the stability of the rate of growth in money wages, in the face of varying rates of price inflation, which for Aglietta stabilised the macroeconomic relationship between wages and profits, is tenuous, to say the least (although stronger for the US, with its tradition of long-term pay bargains, than elsewhere). It was precisely because the system of wage bargaining did not provide any link between wage increases and the rate of growth of productivity or profits, either at the micro or the macro level, that governments turned to 'incomes policies' as profits came under pressure. However, far from confining the rate of growth of wages within the limits of profitability, such policies served only to politicise the wages struggle and intensify class conflict, which in turn played a central role in precipitating the crisis of the Keynesian welfare state.

Collective bargaining, monopolistic pricing policies, and easy credit certainly gave accumulation an inflationary bias and helped to prevent overproduction from leading to price wars, mass bankruptcies and depression. However it was the inflationary environment of post-war reconstruction and military Keynesianism which permitted the institutionalisation of inflationary wage and pricing policies, rather than the other way around. There is no doubt that rapid depreciation enabled capital more easily to absorb the costs imposed by the overaccumulation of capital. However the condition for such an absorption was not the expansion of credit, but the very high rate of profit, against which depreciation charges were set. Finally, there is no doubt that the overaccumulation of capital was accommodated by the inflationary expansion of credit on a global scale. However Aglietta's identification of inflationary pressure with the financing of depreciation is questionable, since depreciation charges are only one element of the pressure on profitability, and investment finance only a small component of the demand for credit. Thus the inflationary expansion of credit was not inherent in the forms of investment financing and monopoly pricing of the Fordist regime of accumulation, but was rather the result of the adoption of Keynesian expansionary policies on a global scale.

These observations should be sufficient to cast doubt on Aglietta's characterisation of the post-war regime of accumulation. The driving force of accumulation was not mass consumption, but profits. The dynamism of the boom derived from the very high profits of the immediate post-war era. The massive increase in the product of manufacturing industry was absorbed more by unproductive expenditure and the growing middle class, associated with monopolisation, bureaucratisation and militarisation, than by rising mass consumption. The uneven development of the branches of production was countered by direct state intervention and accommodated by the rapid growth of international credit. The growing overaccumulation of capital was absorbed initially by the very high rate of profit, and by the intensified exploitation of the mass of the population in the peripheral regions, and subsequently by inflation and a rising savings ratio which sustained a massive expansion of credit. Far from adjusting the rate of growth of wages to the rate of growth of 'productivity', the system of industrial relations enabled workers to maintain their real wages without regard to productivity growth, and so only intensified the pressure on profits. The post-war boom was certainly different from previous booms, but the qualitative difference lay not in the structure of the regime of accumulation, nor in the extent or the forms of overaccumulation, but in the fact that the national and international authorities were willing and able to sustain accumulation, in the face of the growing pressure of overaccumulation, by means of an expansion of credit on an historically unprecedented scale.

When Aglietta published his book in 1976 it was not unreasonable to see the Fordist regime of accumulation as a coherent mode of integration of accumulation, and to see the inflationary crisis as a crisis which would have to be resolved within the confines of the Fordist regime. However the crisis of Keynesianism and the rise of monetarism cast doubt on the functionality of inflationism for the sustained accumulation of capital, and correspondingly on the ability of the state-regulated credit system to accommodate the tendency to overaccumulation and crisis. Far from containing the class struggle, expansionary policies intensified the struggle, stimulated the emergence of new forms of struggle, and precipitated a crisis of the state. In retrospect it is clear that Keynesian inflationism was dictated not by the structure of the regime of accumulation, but by the balance of class forces, institutionalised in the systems of industrial relations, electoral politics and the welfare state. The strength of Fordism lay not in its ability to contain the tendency to overaccumulation and crisis, but in its provision of an ideology which held out such a promise, a promise which, however, it was never able to fulfil.

6 Overaccumulation and the Regime of Accumulation

The weaknesses of the regulationist model are not simply a matter of detail, but point to fundamental theoretical errors at the heart of the regulationist approach. The source of these errors is the theory of overaccumulation underlying regulation theory.

Although the regulationists have been accused of the heresy of underconsumptionism (Weeks, 1988), this is a misleading characterisation of Aglietta's work. The focus of Aglietta's theory is the tendency to the overaccumulation of capital in Department I. In the extensive regime of accumulation this tendency gives rise to underconsumption crises for the orthodox Keynesian reason that falling prices precipitate a deflationary wage-price spiral. However in the intensive regime collective bargaining, monopolistic pricing and expansionary credit policies mean that overaccumulation in Department I leads to the devaluation of capital through inflation. The crisis in the intensive regime of accumulation is precipitated not by underconsumption, but by the tendency for the rate of profit to fall. This crisis cannot be resolved by cutting wages, since this would merely precipitate a Keynesian deflationary spiral, so the crisis leads to escalating inflation, which can only be resolved by increasing productivity. Thus the source of crises is the tendency to overaccumulation in Department I, while the barrier to their resolution is provided by a Keynesian analysis of the dynamic relationship between production and realisation. Thus Aglietta's theory is essentially a theory of disproportionality. Nevertheless, underlying this theory is the Keynesian belief, shared by underconsumptionism, that the driving force of, and limit to, accumulation is the growth of the market. It is this belief that underpins Aglietta's analysis of the possibility and limits of the stabilisation of the regime of accumulation.

Although the tendency to the overaccumulation of capital in Department I lies at the heart of Aglietta's theory, his analysis of this tendency is surprisingly undeveloped. He introduces the tendency with the vague assertion that 'the motive impulses in the transformation of the forces of production, in effect, derive from Department I', adding that 'the increase in the organic composition of capital inscribes this tendency into the structure of social capital' (p.56). Although he doesn't explicitly develop the analysis further, it seems that the underlying idea is that overaccumulation is the result of the surplus profits in Department I which are available as a result either of the invention of new machines or as a result of increased demand resulting from the rising organic composition of capital. These surplus profits fuel the animal spirits of capitalists in Department I, their 'euphoria'(p. 358) sustaining their overinvestment even when overproduction appears, as they dispose of their machines on credit. Thus the source of overaccumulation is the prospect of surplus profits provided by the exploitation of temporary market opportunities, and the explanation is Keynesian, overaccumulation deriving from the subjective irrationality of entrepreneurial expectations. Accordingly the tendency to overaccumulation can be eliminated in the regime of intensive accumulation in which the regulation of production and consumption norms maintains the structural relations of proportionality between the main departments, while cyclical disproportionalities are accommodated through credit expansion.

Although this sort of theory of overaccumulation is common within Marxism, and the anarchy of the market certainly provides a possible source of overaccumulation and crisis, a Marxist theory must seek to locate the contradictions of capitalism not in the subjective irrationality of capitalists, but in the objective features of the capitalist mode of production. Aglietta fails to do this because he does not take his critique of neo-classical conceptions of the market far enough, exploring only the relations between the major departments of production, without questioning the efficacy of the market in regulating relations within branches of production. Thus Aglietta, like many Marxists, presumes that the market smoothly regulates the generalisation of 'production norms' within a particular branch of production, abstracting from the uneven development of the forces of production within branches of production which is the driving force of accumulation, and the source of overaccumulation and crisis. It is not the surplus profits offered by a growing market but competitive pressure, based on the uneven development of the forces of production, which forces individual capitalists to seek constantly to revolutionise the forces of production. However this competitive pressure only makes itself effective through the overaccumulation of capital and the overproduction of commodities. Thus overaccumulation is not a pathological condition, but is the normal form of capital accumulation, and both the origin and the result of the dynamism of the capitalist mode of production.

The introduction of a new method of production offers the innovating capitalist the opportunity of appropriating a surplus profit. In introducing the new method of production the innovating capitalist will seek to expand productive capacity without regard to the limits of the market, in the perfectly rational anticipation of expanding his market at the expense of his competitors. The resulting overproduction of commodities leads to growing pressure on the profitability of the less advanced capitals, who can respond by introducing the new method of production in their turn, which only intensifies the overaccumulation of capital and the overproduction of commodities; by intensifying labour, extending the working day and forcing down wages, which intensifies both the overproduction of commodities and the class struggle; by seeking protection from the state, which politicises capitalist competition; or by going into liquidation, which threatens to precipitate a deflationary spiral.

The tendency to the overaccumulation of capital is not determined by the anarchy of the market, but by the contradictory form of capitalist accumulation, as the pressure of competition leads individual capitals to seek constantly to revolutionise and expand the forces of production without regard to the limits of the market, so that new methods of production are only generalised through the devaluation of capital, the liquidation of productive capacity, the intensification of labour and the 'redundancy' of workers. This is the essential form of accumulation in all branches of production, however large or small, however fast or slowly growing may be the market. However the tendency to the overaccumulation of capital is likely to be more pronounced in those branches of production in which new methods of production promise substantial surplus profits, in which new productive capacity takes some time to yield an increase in output, and in which the stimulus to overaccumulation is sustained by the rapid growth of the market.[12] Thus the tendency to the overaccumulation of capital appears at the level of the accumulation process as a whole in the form of the uneven development of the various branches of production, being most pronounced in the most dynamic branches.

The fundamental error of Keynesianism, which is carried over into the regulation analysis, is the belief that overaccumulation and underconsumption are two sides of the same coin, so that the expansion of the market will resolve a crisis of overaccumulation. Once the source of overaccumulation is located in the social form of capitalist production, it becomes clear that the expansion of the market relieves the immediate pressure on profits only by reinforcing the stimulus to overaccumulation by sustaining the surplus profits of the more advanced producers and protecting the less advanced from liquidation.

The expansion of credit is no more able to resolve an overaccumulation crisis than is the growth of the market which it stimulates. As the overaccumulation of capital comes up against the barrier of the limited market, the rule of the market is imposed on individual capitals in the form of the 'monetary constraint'. Credit frees capital from this limit, not simply by augmenting the supply of money, but by monetising capital which would otherwise be immobilised in the form of commodity or productive capital. Moreover credit does not simply redistribute the money available to serve as capital among the capitalist class. The credit-creating powers of the banks enable them to create additional capital, to free accumulation as a whole from the barrier of the market. For Aglietta the possibility of credit expansion makes it possible to stave off an overaccumulation crisis. However Aglietta's otherwise exemplary analysis of credit, like that of the market, rests on a one-sided analysis of the relationship between credit and overaccumulation.

In the boom credit appears to have the magical power of suspending altogether the barriers to the accumulation of capital, providing finance for new ventures, sustaining unprofitable capitalists and impoverished petty producers through periods of difficulty. The only limit to accumulation appears to be the availability of credit. The growth of credit sustains profits and ameliorates the class struggle, facilitating the smooth liquidation of backward capitals and the generalisation of more advanced methods of production and so providing a favourable environment within which to mobilise the countertendencies to the overaccumulation of capital embodied in the tendency to the equalisation of the rate of profit. However the expansion of credit simultaneously relieves the pressure to achieve such a restructuring by inflating the profits of the more advanced producers, while relieving the less advanced from the pressure of the market, so stimulating the even greater overaccumulation of capital. Thus the expansion of credit, far from accommodating the overaccumulation of capital, tends to intensify it, as it relieves capital from the monetary constraint through which the rule of the market is imposed on individual capitals. While credit expansion may sustain accumulation, and reduce the immediate danger of a deflationary crisis by 'socialising' the costs of the devaluation of capital, it does so only by stimulating the increasingly inflationary overaccumulation of capital with the attendant risks of an even more devastating crisis in the future.

The rapid growth of the market, a high rate of growth of productivity, and the expansion of credit certainly absorb the expanded product, accommodate the devaluation of capital, and sustain the uneven development of accumulation. However this does not define a virtuous circle of 'balanced growth' described by the regulation theorists because exactly the same factors also stimulate the increased overaccumulation of capital. The regulation of credit accordingly cannot overcome the contradictory form of accumulation, it can merely reinforce one or the other pole of the contradiction. It cannot overcome the tendency to overaccumulation and crisis, it can at best modify the amplitude of the cycle and the form of the crisis.

7 Overaccumulation Crises, Class Struggle and the State

While the tendency for accumulation to take the form of overaccumulation and crisis is inherent in the capitalist mode of production, the historical development of this tendency is certainly mediated by the institutional forms of the social relations of capitalist production. However these institutional forms are not the 'modes of regulation' of a 'regime of accumulation', they are the institutional forms of the class struggle.

The overaccumulation of capital appears to individual capitalists in the form of growing pressure on profitability. The ability of the capitalist to restore profitability is constrained by the competitive pressure from other capitalists for markets and for credit, on the one hand, and by the resistance of the workers to the introduction of new methods of production, the intensification of labour, the lengthening of the working day and the reduction of wages, on the other. Thus the overaccumulation of capital appears in the form of an intensification of the competitive struggle between capitalists and of the industrial struggle between capitalists and the working class. The outcome of these struggles is conditioned by the historically developed institutional forms of competition, of credit, and of industrial relations, behind which stands the institutional form of the state. However the struggle is not confined within these forms, but is at the same time a struggle to reproduce or transform them, as capitalists and workers confront the existing forms as barriers to their own reproduction. Thus the emergence of a crisis of overaccumulation does not simply lead to the dislocation of the structural integration of the regime of accumulation, more fundamentally it leads to an intensification of the competitive and class struggles which develop in and against the existing institutional forms of capitalist class domination, struggles which necessarily take on a political form and so impose themselves on the state.

The state does not stand above these struggles, as the guarantor of the functional integration of the 'regime of accumulation', for the state is an aspect of the institutional forms of capitalist class relations, and so is itself the object of struggle. Thus the state does not, and cannot, resolve the contradictions of capital, but reproduces them in a political form.[13] Nor can the state be reduced to a superstructural expression of the 'structural forms' of the monetary relation and the wage relation which are constituted in civil society (Aglietta, p. 27), for the state plays a fundamental role in attempting to confine social reproduction within the alienated forms of the wage relation and the monetary relation, by enforcing the laws of capitalist property and contract, by regulating the reproduction of the working class through the system of social administration, and by maintaining the rule of money and the integrity of the currency. This is why the class struggle necessarily takes on a political form, as the struggle over the forms of capitalist domination necessarily becomes a struggle over the form of the state. This is also the ultimate reason why the institutional forms of capitalist social relations are not 'modes of regulation', which institutionalise some kind of social democratic class compromise according to the structural imperatives of a regime of accumulation, but institutional forms of class domination, which express a particular configuration of class struggle. The development of these institutional forms is correspondingly not determined by the functional imperatives of the 'regime of accumulation', but by the development of the social and political struggles unleashed by the contradictory tendencies of capital accumulation.

8 Class struggle and the Post-War Boom

In retrospect it is increasingly clear that rising mass consumption, growing social expenditure, and the inflationary expansion of credit are best seen not as aspects of the regulation of a regime of accumulation, but as related aspects of the institutionalisation of a particular balance of class forces in the post-war period, in which rising wages and rising levels of social expenditure were the price capital paid for the industrial and political integration of the working class in the immediate post-war period. While the rising consumption norm indeed played its part in sustaining the post-war boom, it soon became a barrier to accumulation as the overaccumulation of capital increased the pressure on profits. The inflationary expansion of credit sustained accumulation in the face of such pressure, but inflationism was not an expression of the functional integration of the 'regime of accumulation', but rather a result of the inability of capital to overcome the barrier of rising working class aspirations institutionalised in the Keynesian welfare state. Nevertheless inflationism unleashed new political forces, which underlay the crisis of Keynesianism and the rise of monetarism, and enabled capital and the state to move onto the offensive and to restructure the relationship between capital, the state and the working class.

The 1970s were indeed marked by 'stagflation'. However the balance between stagnation and inflation was not determined by the structure of the 'regime of accumulation', but primarily by the balance of class forces, domestically and on a world scale. Meanwhile rising unemployment, and the increasingly aggressive stance of employers and the state as profits and public finances came under pressure, eroded the strength of the working class, and escalating inflation mobilised new political forces which endorsed restrictive anti-inflationary policies and the growing offensive against the organised working class.

The past decade has not so much seen a restructuring of the regime of accumulation, based on the development of neo-Fordist forms of production, as a sustained offensive against the working class, aimed primarily at the destruction of the institutional forms of the Keynesian welfare state which underlay the ability of the organised working class to realise a consumption norm based on a generalised expectation of rising living standards. However the assault on the working class has not taken the form of a generalised offensive against the working class as a whole so much as a restructuring of the institutional forms of the state and the system of industrial relations on the basis of a fragmentation of the working class, in the attempt to confine the aspirations of the working class within the limits of capital by confining wages and social expenditure within the limits of profitability. While Keynesianism was the ideological expression of the attempt of capital and the state to respond to the generalised aspirations of the working class in the post-war boom, neo-liberalism is the ideological expression of the subordination of working class aspirations to the valorisation of capital.

The political stability of monetarism, no less than that of Keynesianism, has depended on the sustained, if uneven, accumulation of capital on a world scale which has enabled the state to isolate and fragment working class resistance, while capital has been able to concede a steady rise in wages to sections of the working class. However the relative industrial peace and political stability of the mid-1980s does not indicate the stability of a 'neo-Fordist' regime of accumulation. The boom of the 1980s has not been based on the development of new forms of production, still less on restrictive credit policies, but primarily on the intensification of labour, fiscal expansionism, and a credit explosion. The devaluation of capital and destruction of productive capacity in the recession of the early 1980s, and the associated offensive against the organised working class, restored profitability, while the massive redistribution of income in favour of the rich, domestically and on a global scale, and the enormous rise in military expenditure, suspended the barrier of the limited market for the more dynamic branches of production.[14] High interest rates accelerated the devaluation of capital and the liquidation of productive capacity in the face of overaccumulation, and have enabled the banks to absorb heavy losses without defaulting, while high unemployment and aggressive management has enabled capital to restore profitability and contain inflationary pressures. However, while restrictive monetary policies have helped to contain inflation, they have by no means contained the tendency to the overaccumulation and uneven development of capital, but have rather served to sustain and intensify overaccumulation by diverting surplus capital into financing the growing mountain of public and consumer debt.

The crash of 1987 has dramatically brought home how precarious are the foundations of the apparent success of monetarism, and how illusory the foundations of the New Realism. Although it is impossible to anticipate the future course of accumulation, it is clear that we are moving back into the crisis phase. The crisis may be acute, as between 1929 and 1932, with a financial crash precipitating a deep depression, or it may be long drawn out, as in the period leading from 1873 to the First World War, with alternating phases of recession, stagflation, and even renewed bursts of accumulation. However there is no doubt that we are entering a period in which the overaccumulation of capital will lead to an intensification of class struggle and increased domestic and international political tensions. It is primarily the outcome of the resulting struggles, rather than the structure of a particular regime of accumulation, which will determine the forms in which the crisis unfolds.

The possibilities which confront capital in the face of the looming crisis are severely circumscribed. Attempts to resolve the crisis through either inflationary or deflationary means carry enormous risks, either course threatening to destabilise the precarious international financial system and trigger a financial collapse, which would in turn threaten to intensify the class struggle and precipitate a political polarisation. For this reason it is likely that capital will continue to make every effort to sustain the boom by reconciling the expansion of debt with the stability of the financial system through international co-operation, just as it did through the late 1920s. Nevertheless such co-operation presupposes the willingness of governments to sacrifice immediate national interests in order to sustain accumulation on a global scale, so is constantly threatened by domestic political pressures which make such sacrifices politically unacceptable.

The historical parallels are by no means encouraging, previous phases of global overaccumulation having culminated in the formation of blocks and inter-imperialist war. While such developments are not on the immediate horizon, they could rapidly emerge in the face of a renewed crisis.[15] Moreover there is a real danger that social democracy, far from resisting such tendencies might play the leading role in developing them. Social imperialism remains an attractive way of salvaging the social democratic project, which has always been premised on sustained domestic accumulation, and so the prosperity of domestic productive capital, to maintain full employment and provide rising wages and social expenditure. While capital has sought to overcome the growing barriers to accumulation through global liberalisation, it has been the Left which has prepared the ground for a social imperialist response to the crisis, confronting the international freemasonry of capital not with a socialist internationalism, but with schemes for the regeneration of the 'national economy', in the naive expectation that a nationalistic confrontation with the global aspirations of capital will acquire a socialist momentum, rather than degenerating into an offensive against the working class as the attempt to regenerate the national economy by fostering the accumulation of domestic productive capital confronts the barrier of working class aspirations. The anti-imperialism of the Left has similarly had a national rather than a class character, taking the predominant form of anti-Americanism rather than a socialist internationalism.

The incipient tendencies to economic nationalism and inter-imperialist rivalry make it more imperative than ever that socialists should resist the temptations of social imperialism in the name of a socialist internationalism. However this is easier said than done. If social imperialism is as deeply entrenched as ever, socialist internationalism seems even more utopian today than it did before the First and Second World Wars, when the Second and Third Internationals had some political significance, and maintained a nominal internationalism. Nevertheless, although a call for world revolution is empty utopianism, there are internationalist tendencies in the labour movement, and there are strong internationalist sentiments in the women's movement, the peace movement, the environmental movement, solidarity movements, and the world development movement, which provide a political basis on which to build an internationalist alternative to social imperialism. Even if such an internationalism is not wrapped in the rhetoric of socialism, its political content is far more radical than that of social imperialism, in being based on the subordination of capital not to the illusory community of the nation embodied in the national form of the capitalist state, but to the expression of human needs and aspirations, which alone point the way forward to socialism.

Notes

[1]This article is a substantially revised version of a paper presented to an International Conference on Regulation Theory in Barcelona in June 1988. It draws heavily on the analysis in my recently published book, *Keynesianism, Monetarism and the Crisis of the State*, in which I develop an analysis of the politics and ideology of money and the state through an historical account of the development of the capitalist state form in relation to the changing forms of class struggle associated with the tendency to overaccumulation and crisis. I began writing the book with a view to providing an historically more adequate typology of regimes of accumulation. However it soon became clear that the concept of the regime of accumulation was inadequate in stressing the systematic, as against the contradictory, integration of accumulation, and in stressing the discontinuities, as against the underlying continuity, of the various phases in the accumulation of capital.

[2]In many ways the parallels between the unfolding of the crisis since 1974 and the period following the crash of 1873 are closer than those with the inter-war period.

[3]Some commentators have so extended the concept of regulation as to embrace just about anything in the regulation school (c.f. Jessop, 1988). The focus of this critique is the theories of intensive and extensive regimes of accumulation, and of Fordism and post-Fordism, which are distinctive of the 'Paris School'. The obscurity and inconsistency of Aglietta's work makes it difficult for the critic to pin down the object of criticism. For alternative critical expositions see especially Driver (1981) and Duménil and Lévy (1988). The leading vulgariser of Aglietta is Lipietz.

[4]The concept of neo-Fordism is nebulous, to say the least. It is not clear whether the concept refers to a variant of Fordism, in which case its novelty is dubious, or to a new 'yuppie' regime of accumulation, in which case its empirical relevance is suspect. The elements of neo-Fordism, like those of Fordism, are hardly new. Indeed in a different context it has been argued that production to order, product differentiation, flexible specialisation and fragmented labour markets, which are the mark of neo-Fordism, were precisely the characteristics of British manufacturing, established in the second half of the nineteenth century, and only finally liquidated in the crisis of the early 1980s, which explain the failure of British capital to adopt Fordist methods (Elbaum and Lazonick, 1986).

[5]Lipietz's aversion to voluntarism is strange. Although the idea of a super-capitalist conspiracy may be far-fetched, the foundations of the post-war boom were laid by very deliberate strategies of post-war reconstruction, which drew heavily on the lessons learned by the failure of the 1920s.

[6]Aglietta has gone furthest in moving from Marxism to sociology (Aglietta and Orlean, 1982), but the French sociologist Bourdieu is a favourite authority of Lipietz. See also Cartelier and de Vroey (1988).

[7]I do not want to go into the quantitative issues here. Data on wages and productivity show marked cyclical variations, so that secular trends are difficult to identify, but there is no evidence that the crisis of the 1920s marks a fundamental break in the trend of these parameters (Brenner, 1988; Duménil and Lévy, 1988). Nor do I want to get into the question of a supposed transition from competitive to monopoly pricing in this article because it raises so many side issues (c.f Duménil and Lévy, 1988). Monopolisation in its modern form dates back to the 1870s. However it is not so much the degree of monopoly as the prevalence of cost-plus pricing which is important for Aglietta, in sustaining inflation and limiting competitive price and wage cutting. It is by no means clear that the post-war period has been marked by a fundamental shift from competition to monopoly, nor that

the degree of monopoly is a significant factor in the inflationary process, nor that relative prices have become more inflexible.

Similarly I do not intend to explore the issue of the relation between domestic and global accumulation. The regulationists insist on taking the national economy as their focus, and see the international economic and political system as an aggregation of nation states and national economies, rather than locating the national economy within the framework of global accumulation and the nation state within the framework of the international state system. While I think that this approach is patently absurd, particularly when trying to understand the global cycles of the 1920s and of the post-war period, there is no inherent reason why the regulationist approach could not be reformulated within a global framework.

[8] Indeed the concept of the capitalist mode of production presupposes the constant transformation of methods of production and the production of relative surplus value to provide the driving force of accumulation. c.f. Brenner, 1988.

[9] Keynes's famous opposition to the restoration of gold convertibility in his *Tract on Monetary Reform* was based not on an opposition to the deflationary bias of the gold standard, but to his fear that the return to gold would give free rein to US inflationism. Similarly European resistance to US inflationism in the late 1960s was a primary factor behind the collapse of the gold-exchange standard which had been resurrected at Bretton Woods.

[10] Rapid depreciation was more the result of tax legislation and high profits than a new-found means of absorbing the devaluation of capital consequent on overaccumulation.

[11] How large or small a part depends on the precise definition of Fordism. Some definitions which identify Fordism with a very specific form of the labour process would apply only to a few assembly plants. Definitions which identify it simply with the production of relative surplus value would embrace not only large parts of manufacturing, but also agriculture.

[12] Although the long gestation period of fixed investment makes branches of production in Department I particularly prone to overaccumulation, this is only one factor in determining the tendency to overaccumulation (and one shared by agriculture). Thus there is no a priori reason to single out overaccumulation in Department I.

[13] Aglietta would no doubt not disagree with all this - after all he strongly rejects structural-functionalist analyses of the state, insisting that the state is an institutional form of capitalist social relations, and stressing the role of the class struggle in the development of those relations (pp. 26 – 9). Nevertheless, as noted above, Aglietta's protestations are merely rhetorical, for the fact of the matter is that for the regulationists the outcome of the class struggle, however contingent that outcome might be, is the installation of a regime of accumulation which neutralises the tendency to overaccumulation and crisis for a relatively long period. These two aspects of regulationism can only be reconciled if the stabilisation of accumulation by the 'regime of accumulation' is seen as the objective foundation of collaborative class relations.

[14] This strategy, pursued on a global scale, closely parallels that which underlay the short-lived Brazilian economic miracle from the mid-1960s. The image of the future is not provided by Japan, but by Brazil.

[15] The 'internationalisation of capital' need not be a barrier to the formation of blocks in the 1980s, any more than it was at the turn of the century or in the 1930s, for the formation of blocks is not a matter of the ownership of capital, but of relatively closed regional networks of trade and payments, which present barriers to the mobility of the

capital, but which are not inconsistent with its internationalisation.

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