

Régulation and John R. Commons's “Reasonable Values”

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1. Introduction

- Aglietta (1976) *Régulation et crises du capitalisme* introduced the concept of *régulation* based on the experience of the U.S. He referred *History of Labour in the United States* (1932), written by J.R. Commons (1862-1945).
- Théret (2002, 2018) uses Commons's theoretical works as a foundation for the theoretical development of Régulation Theory (RT). He describes himself as a “Commonsian *régulationist*.”
- However, with few exceptions (Dervillé, 2021), empirical works by *régulationists* have not consider or apply Théret's ideas.

Purpose

- My purpose is not to conduct a retrospective review of Commons as a minor source of RT but to enrich the concept of *régulation*.
- In particular, I aim to develop a more helpful concept of *régulation* for “young *régulationists* (*jeunes régulationnistes*)” (Boyer, 2004) who give weight to industrial-level qualitative research.

- Inspired by Commons' *Institutional Economics* (IE), I will extend the concept of *régulation*.
- It is *régulation* as a dynamic concept in the present, containing both the past and **future**. This concept implies that *régulationists* are to be “investigators” who play **an ethical role**.*

*While I wrote the full paper, today I skip the issues:

- 1) discourse and institutional change
- 2) analytical relationship between micro-mezzo-macro

Japanese “Commonsian *régulationists*”

- During the past decade, H. Uni, T. Nakahara and me have done French –Japanese and U.S.-Japanese sessions in conferences.
- In order to understand deeply, we translate IE.
- The project spent 7 years and published in 2015 (volume one) and 2019 (volume two and three). Their pages go beyond 1000 pages.

2. Practical and ethical aspects of works of J.R. Commons

- In 1900s-1910s he investigated big and progressive firms. He found that they provided progressive institutions of workers' accident compensation insurance and unemployment insurance. He understood they had ambiguous “**willingness**”:
 1. They provided **safety** and **security**, to their employees to get their **loyalty**.
 2. They draining the attractiveness of the unions that tried to realize these values and **repressed participation** of their employees **to industrial democracy**. It is immoral and unreasonable issue.

- He generalized the private institutions to social one: he drafted the Wisconsin Workers Compensation and Accident Prevention Law of 1911.
- He discovered (excavated) a forgotten (**past**) ethics seen in a judicial precedence to justify “reasonableness” of his draft in order to avoid that the courts judge it as “unreasonable.”
 - His draft would require interest groups a certain unrealized but practicable **future** action for safety improvement.

- He set Wisconsin Industrial Commission to administer it.
- Commissioners (representatives of labor unions and employer associations) and their staffs (“safety experts”) investigated **the best practice** of safety practices within Wisconsin; they **consensually** constitute the rule that requires “**the best practicable.**”
- Commons call it continually and consensually reconstituted “**ethical ideal type**” of the State.

- Commissioners and their staffs promoted labor-management **deliberations** in firms, districts and statewide to voluntarily investigate and share progressive safety practices that would satisfy both **safety** and **cost** issue.
- Through the multilevel deliberations, **industrial democracy** and **industrial goodwill** had been formed.

- Commons highly evaluated the Wisconsin type of public action (**voluntary** collective actions of private interest groups with the **minimum state intervention**, i.e., the supports by the sovereign body) because it balance social progress (or *régulation*) and voluntarism.
- In this Wisconsin **ethical criterion**, he criticized fascism, Soviet socialism and American “banker capitalism” of the holding companies as **unreasonable** political economies because they are accompanied by the **strong state interventions** or the suppression of small and mid size companies.

3. “Time” in a collective action

- An observed group members are constrained by conditions (e.g., customs and properties) that have been constituted from **the past** to present, and they act in a coordinated way in **the present** in order to realize **desirable future outcomes** for the group.
- The collective action in the present contains the past and future.

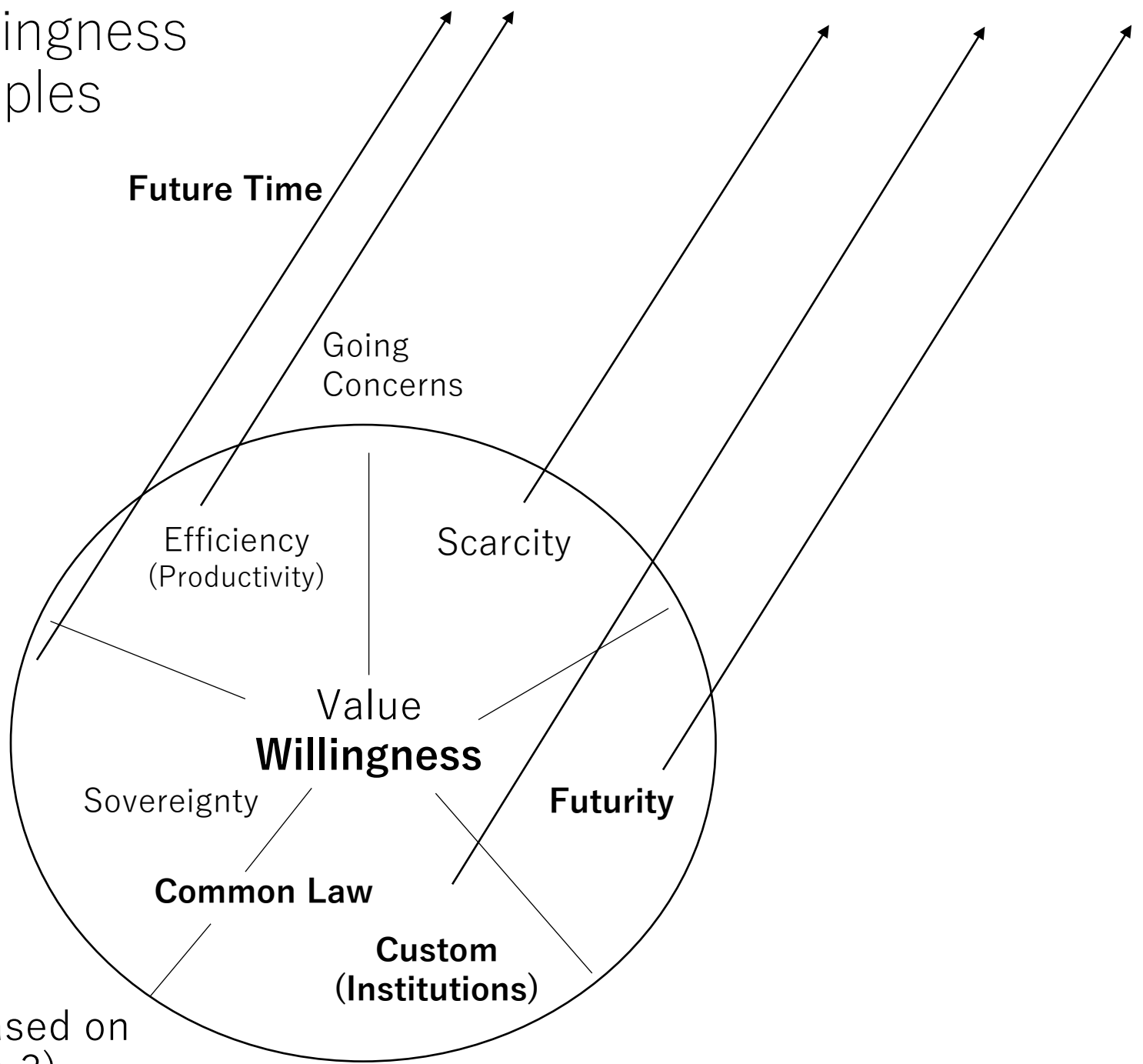
From future to present

- A collective action in the present is guided by a willingness (common goods) that group members share.
- IE assumes that they can reconstitute it through investigating and deliberating the best practicable (“ethical ideal type”).
- The collectively (re-)constituted ethical ideal type (shared **future**) becomes new guidance for the **present** action.

4. “Willingness”

- Willingness of a group is a whole principle where values (“scarcity,” “efficiency,” and other values) of the group, customs and private rules, laws, and other forces have been coordinated and integrated.
- This whole principle motivates and guides the group to perform certain collective actions.
- Willingness in the present also contains the shared past and shared **future**.

Figure 1. Principle of willingness
integrating the five principles



• Source: Made by the author based on Commons (1925, p. 302, Figure 3)

Willingness means:

1. It is the “**weighing**” of various values shared in a group. It is the collectively constituted common goods to which members of the group refer for collaboration.
 2. It is the **cohesion force** of the group expressed as a collective power (i.e., physical, economic, and moral **sanctions**).
 3. It is prices, other values, and practices, which are **realized** through collaborations (trans-actions) among members who conform to the rules of the group.
- It is similar to the concept of *régulation*.

Coordination of plural willingnesses

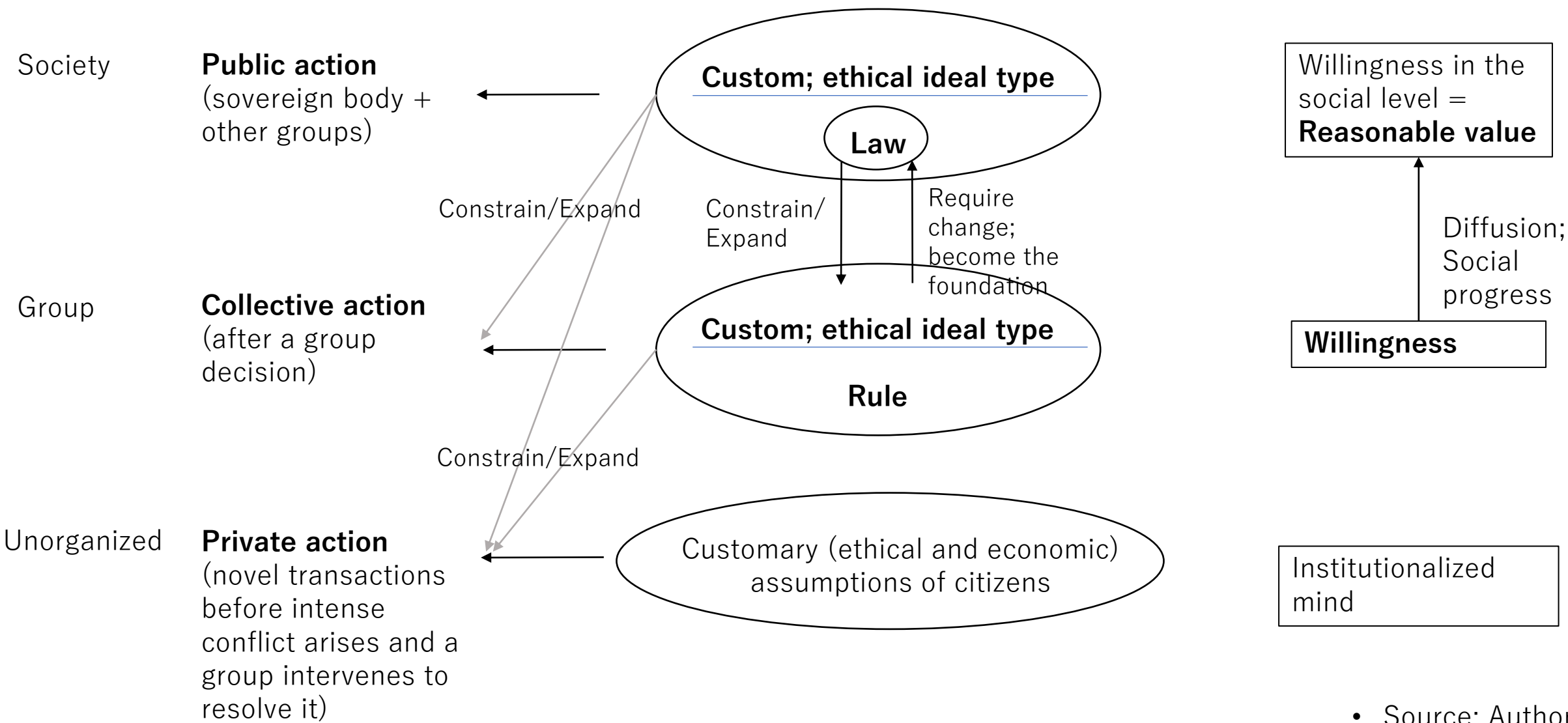
- Each group has its own specific willingness.
- Groups transact (collaborate) with others in society.
- Sometimes they conflict with each other.
- This conflict is authoritatively managed by a higher group and ultimately arbitrated by a sovereign body via the law.

“Reasonable values”

- Here, willingness (common goods) expressed in the law (reached by public action) are seen as **fair, acceptable, and workable** by groups in the society.
- Commons calls this willingness at the social level **“reasonable values.”**

Figure 2. Plural and layered willingesses

Levels of action



Willingness and *régulation*

- While the concept of willingness in IE is similar to the concept of *régulation* in RT, they are not entirely synonymous.
- While IE focused on the ongoing active (re)constitution of the acceptable future, RT does not seem to focus as strongly on this point.

5. Extension of the concept of *régulation*

- I suggest to extend the concept of *régulation* to one that **includes the reconstitution of a collective future** that is agreed on in the present.
- In this way, the concept of *régulation* departs from one that is confirmed *post hoc* through the analysis of *régulationists*.
- It becomes a concept that is being **reconstituted in the present as the agreed future** that guides present collective action.

- By understanding *régulation* as such, we can make room for *régulationists* to be involved in the process of reconstructing *régulation*.

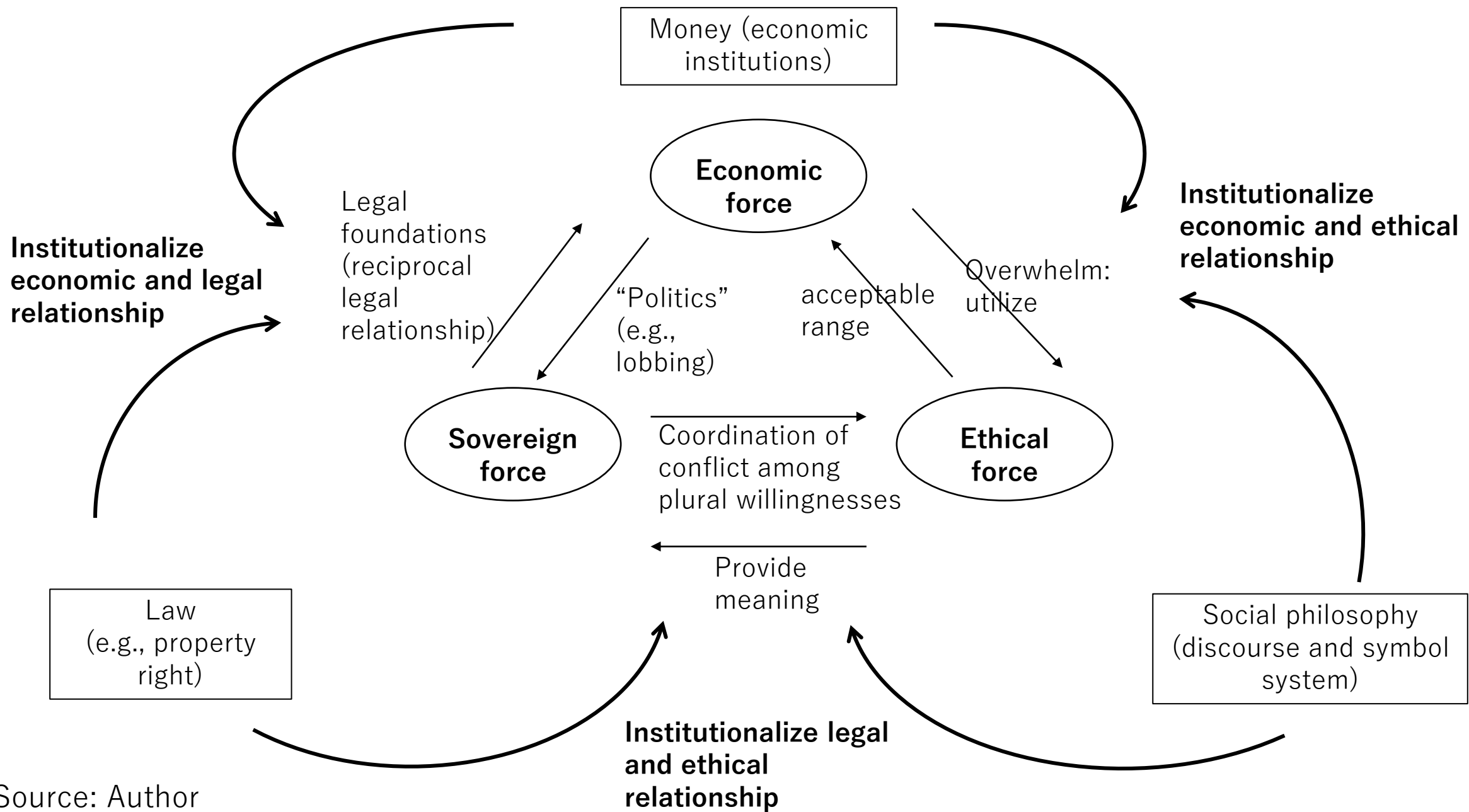
6. Institutional Economist as “Investigator”

- In IE, “investigators” communicate with members of an investigated group.
- Investigators can incorporate their theories, models, and empirical research into conscious communication with the members.
- For instance, investigators can show their research outcomes to the members in order to promote their collective reflection.

The role of investigators

1. They verbalize the plural and hierarchical willingnesses as expressed in a collective action of an observed group.
2. They clarify the institutional forms.
 - The institutional forms here mean ones 1) structure the relationships among the economic, sovereign (law), and ethical forces and thus 2) stabilize the willingnesses.

Figure 3. Relationships among the three forces



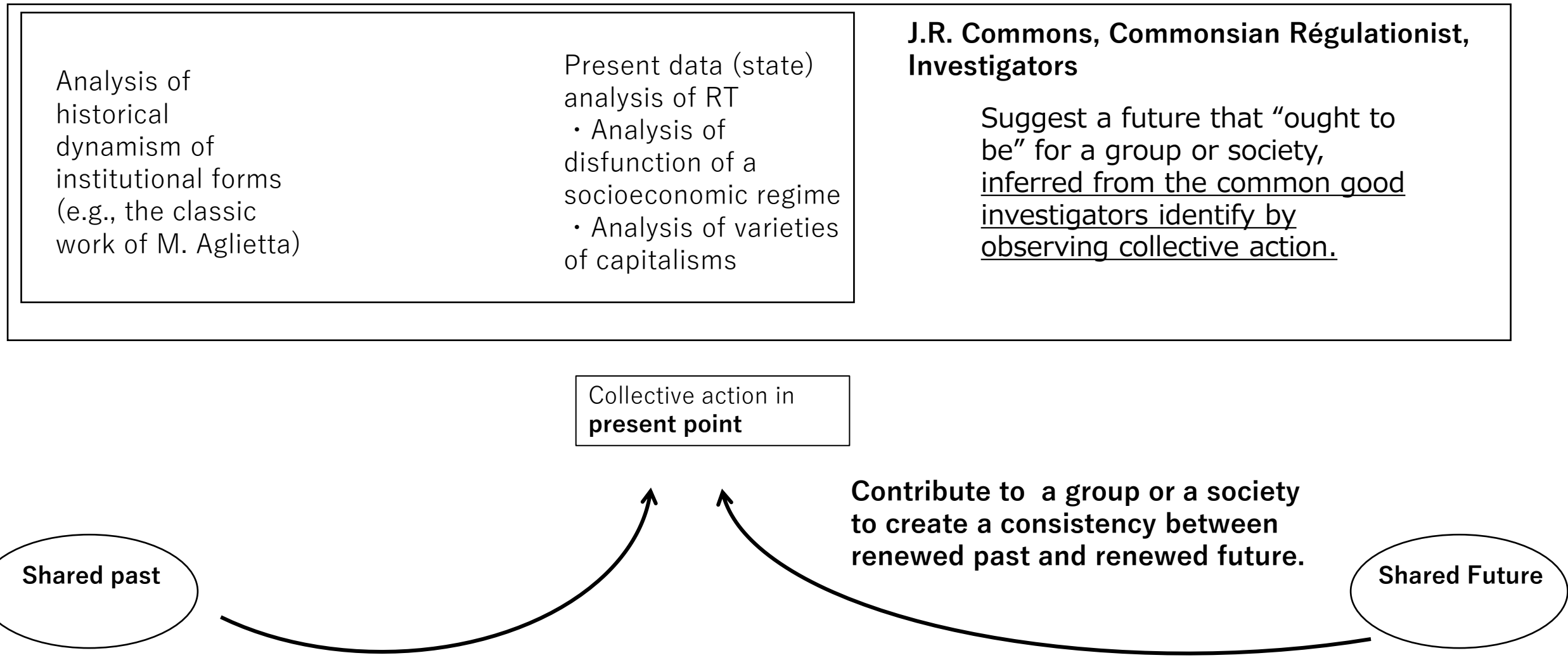
• Source: Author

3. By clarifying the institutionalized relationship among the forces, investigators might find an ethical issue: a lower willingness of a group or volition of its members is **repressed institutionally**.
 - Investigators would clarify the **immorality** of the group or the **unreasonableness** of a society based on the ethical criterion that the investigators make within the field.
 - This allows investigators to infer the group's better future (ethical ideal type).

- However, the following two points should be stressed:
 1. Investigators should not take the privileged stance of an ethical authority who stands outside of the community.
 - They should extract an ethical criterion from the observed group.

2. New ethical ideal type must be constituted through deliberation between the involved parties (members and **the investigator**).
- This is because if an ethical ideal is provided from outside without agreement from the members, it is difficult to motivate them to take voluntary action.

Figure4: *Régulationist* as investigator approach to a collective action in the present time



6. Conclusion

- I suggest that “***régulationists* as investigators**” should support the observed group or society in creating new consistency of the past, the present and the future.
- I assert that young *régulationists* who see the importance of qualitative research can play this community rebuilding role.