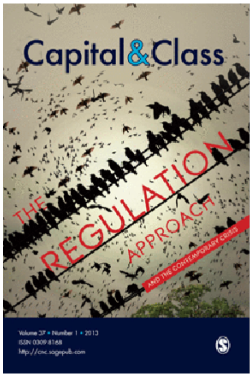
Capital & Class, Volume 37, Issue 1, February 2013

Capital
&Class

Capital & Class
37(1) 111–126

Regulation beyond growth



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Abstract
De-growth theses point to a renewal of critical thinking able to link intellectual research projects and social movements. This paper provides an overview of some of the strands of arguments that are mobilised to criticise the 'growth obsession', and explains why issues raised by de-growth proponents are at odds with the regulationist research strategy. Both approaches are then critiqued for missing the connection between crisis tendencies and capitalist social property. However, the Gramscian–regulationist inheritance of paying accurate attention to institutional forms in shaping macroeconomic dynamics is still much needed in order to explore transition paths beyond growth.

Keywords
Regulation school, de-growth, capitalism, stationary state, ecological economics, Marxism

Introduction

De-growth theses have attracted growing interest in the past decades, as the appeal of the concept of sustainable development has decreased in the absence of substantial progress concerning environmental and social durability (Martínez-Alier et al. 2010), and as ecological concerns are growing with the rapid extension of the Western capitalist civilisational path all over the world. In December 2009, the failure of international negotiations in Copenhagen to tackle the rise of greenhouse gas emissions along with the subsequent climatic disorders have given momentum to a general sense of alarm – a feeling that became even more acute with the disappointing results of the Rio Earth Summit in June 2012. With the beginning of the great economic crisis, sustainability has receded on the agenda again, as governments all over the world struggle to maintain financial stability

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and to escape from another great recession. Taken together, these elements cast doubt on the very possibility of the implementation of the sustainable development paradigm. Contrastingly, de-growth arguments may seem to offer a consistent diagnosis of the degradation of the economic, social and ecological situation, and point to the need for an alternative civilisational path.

We can trace the origin of 'de-growth' in André Gorz's comments on the Meadows Report in the early 1970s (Bosquet and Gorz 1973). However, the intellectual appeal of this current is the result of its combination of two distinctive schools. Economists such as Nicholas Georgescu-Roegen and Herman Daly focus mainly on the ecological limits of Earth and its economic implications. They consider that a decreasing material intensity of GDP growth is not able to stabilise the material throughput of economic activity. Indeed, the hypothesis of Kuznets's environmental curve has so far proven to be misleading: if local pollution is able to diminish above a certain level of GDP per capita output, the global environmental negative externalities – in areas such as climate change or biodiversity, for example – are not. For these ecological economists, the main issue is thus to de-grow, or to attain a steady state in order to diminish the material throughput of the economies.

The second main source of influence of the de-growth current is post-development literature, including leading authors such as Ivan Illich, Serge Latouche and Arturo Escobar. Development is considered to be a Eurocentric anthropological project and, more specifically, an occidental 'belief' (Rist 1996) which has been imposed through colonisation and neo-colonisation at the expenses of other cultures. Most of the research has focused on discourses and aims to deconstruct this concept in order to free subjectivities from its domination. According to Serge Latouche, a society of de-growth should thus be understood as a 'society built on quality rather than on quantity, on cooperation rather than on competition … humanity liberated from economism for which social justice is the objective. … The motto of de-growth aims primarily at pointing the insane objective of growth for growth' (2003: 18).

Drawing on both ecological economists and post-development studies, a rich network of grassroots movements, political currents and journals have emerged that endorse the de-growth slogan. It is influential in the global North, but also in the global South, especially among indigenous movements from Latin America, and has attracted interest from across most of the spectrum of the left.[1]

For the regulationist school in particular, and radical political economy in general, de-growth theses are thus important since they point to a potential renewal of critical thinking able to link intellectual research and social movements. However, from a regulationist perspective, the debate is troublesome. Indeed, the focus of regulation theory (hereafter RT) is to analyse the social conditions of the accumulation of capital in the medium term, but not so much the wider prospects for growth. From a normative point of view, the regulationist quest has been an exploration of the conditions of possibility of a good growth regime, as exemplified by research on post-Fordism during the 1990s and, in the present time, the quest for a Green New Deal (see Lipietz in this issue). There is thus a gap between the de-growth agenda and RT. The aim of this contribution is to open a dialogue between the two approaches through the mediation of classical political economy in general, and Marxist research more specifically.

The second section of the paper presents the case for de-growth, but insists that the de-growth current is far from being a unified paradigm. We then explain why issues raised by de-growth proponents are at odds with the regulationist research strategy, which focuses on the medium-term ability of capitalism to provide institutional fixes to its contradictions. The fourth section discusses the relations between growth and capitalism and points to an opposite – although twin – weakness of the de-growth and regulationist approaches, which is the lack of connection between crisis tendencies and contradictions and capitalist social–property relations in general. Contemporary prospects for growth are then discussed in the light of some classical insights. In conclusion, we summarise our arguments and propose an articulation of the three corpus: we endorse the case for a socioeconomic transition toward a no-growth model of development, but insist that a no-accumulation (i.e. reproduction) regime would be no more capitalism, and that it should be normalised by very different modes of regulation.

Physical limits and socio-economic shortcomings: The case against the growth obsession

This section proposes a rapid overview of some important strands of arguments that are mobilised to criticise the 'growth obsession' (Altvater 2001), making the case for a normative research agenda beyond growth. Three main sets of arguments need to be presented: those of ecological economists, which point to the physical limits of growth; cultural criticisms of growth and development; and some statistical accounts of the divorce between GDP growth and well-being.

Economic perspectives on the limits to growth

Over the last several decades, a growing but still marginal current of ecological economists has pointed out the limits of economic growth in a finite world. Among them, Nicholas Georgescu-Roegen's book *The Entropy Law and the Economic Process* (1971) has been hugely influential. Considering that the economic growth process produces an irreversible depletion/degradation of energy and mineral resources, all unnecessary uses of resources are a waste made at the expense of the very ability of future generations to live. This proposition introduces a radical disjunction vis-à-vis mainstream economics, for which production factor substitution is a key hypothesis and, consequently, suggests that further growth is compatible with ecological challenges, if appropriate policies are implemented to foster an adequate consumption/investment balance (for example, Arrow et al. 2004). On the contrary, Georgescu-Roegen states that 'undoubtedly the current growth must cease, nay, be reversed' (1975: 369). Following this radical conclusion, the man once called by Paul Samuelson a 'scholar's scholar and an economist's economist', (in Georgescu-Roegen 1966: vii) came to be treated as a pariah by mainstream economists.

This commitment to the decline of the economy also leads Georgescu-Roegen to distance himself from the Club of Rome and from its fellow ecological economists (Levallois 2010). Indeed, although the steady state economy draws on Georgescu-Roegen insights and acknowledges the entropy law in the long run, in practice it suggests a stabilisation of the economy – a slightly varying level of capital stock and non growing human labour – rather than a decline, in order to achieve an almost constant rate of throughput (Daly 1992: 2007). However, because of considerations of space (rich versus poor countries, the world economy) and time (short-term transition period versus long-run new regime), steady state economics and de-growth economics should be considered as complementary rather than contradictory perspectives (Martínez-Alier et al. 2010: 1743-44; Kerschner 2010). Along these lines, a political agenda in favor of the 'steady state economy' has gained some momentum in particular in Britain, with think-tanks such as the New Economic Foundation or Tim Jackson's (2009) book, *Prosperity Without Growth*, which was first released as a report of the Sustainable Development Commission, the UK government's independent advisor on sustainable development.

Is growth desirable?

Beyond physical critical issues, another strand of de-growth arguments has grown among authors who criticised the concept of development from a cultural point of view, pointing out the need for a 'decolonization of the minds' from economism (see Marglin 1990, Latouche 2006, Di Méo 2006 and Treillet 2007 for a critical appraisal).

Marglin rejects a Lewis-type justification of development, namely that 'economic growth … gives man control over his environment, and thereby, increases his freedom'. Drawing on Sen's (1987 and 1999) argument that the expansion of choices may be desirable for intrinsic and instrumental reasons, Marglin shows that 'the argument that growth expands choices fails to take adequate account of the many reasons why growth eliminates some choices at the same time as it adds others' (1990: 7). Pointing out the destruction of traditional knowledge and solidarity by development policies and the modernisation path, he insists that 'the Western model of development, notwithstanding its considerable economic successes, has yet to produce an acceptable model for relationships between people or with nature'. In the face of major social, ecological and economic crises ahead, he considers that 'It is in our own self-interest as well as the global interest to promote cultural diversity', as it 'may be the key to the survival of the human species' (p. 16).

An important point in Marglin's argument is that its criticism of development echoes its previous analysis of the birth of capitalist hierarchy (Marglin 1974). In both cases, socioeconomic evolution is not driven by an efficiency principle but by the ability of some actors to pursue their interests and constrain others 'thanks to the superior means of political and economic force at their disposal' (1990: 25). This criticism of development paved the way to a deconstruction of development that has been proposed by the anthropologist Arturo Escobar, which 'speaks of development as a historically singular experience' (1995: 10).

In addition to the ecological limits, the cultural dimension explored by post-development is a pillar of the de-growth current *à la française* (for a review, see Lavignotte 2010; Martínez-Alier et al. 2010) championed by Serge Latouche. It draws on the works of Jacques Ellul and Ivan Illich, pointing to the alienation resulting from the overwhelming sophistication of technologies and modern institutions, and promoting voluntary simplicity as a way to foster quality of life and solidarity among people.

Some of these cultural critics echo the well-known confession by John Stuart Mill that he was not charmed by those who think 'that the trampling, crushing, elbowing, and treading on each other's heels, which form the existing type of social life, are the most desirable lot of human kind, or anything but the disagreeable symptoms of one of the phases of industrial progress' (1848: 754). This also encounters the concept of '*sumak kawsay/vivir bien*' (good living), which has been popularised by Andean indigenous movements and has been inscribed in Ecuador's new 2008 Constitution, and in Bolivia's 2009 Constitution. Against growth and development, such a concept points to an economy that is supposed to satisfy the needs of all people and to provide a harmonious way of living (Tortosa 2009).

Cultural criticism of development and growth can complement ecological economists' arguments and, specifically, foster the view that conventional economic accounting neither reflects the physical and biological aspects of the economy, nor societal well-being. This issue has been explored more systematically over the past decade. Debates on wealth indicators (Gadrey, Jany-Catrice 2006; Stiglitz, Fitoussi, Sen 2010) have used a number of rigorous elements to point out the divorce between GDP growth and socioeconomic well being. Just to take one of them, the empirical work on the 'genuine progress indicator' is particularly eloquent.[2] Several decades of research point to a threshold hypothesis, describing the GDP level at which growth shifts from being economic to uneconomic (a presentation of the literature is made by Lawn and Clark, 2010). This switch from economic to uneconomic growth was predicted a long time ago. It occurred in the USA, New Zealand, Australia and a number of European countries during the 1970s and 1980s. It also occurred in Japan in the 1990s, and in the early 2000s in some developing countries such as China and Thailand.[3] Moreover, Lawn and Clark provide evidence for a decreasing threshold hypothesis, meaning that for growth latecomers – i.e. developing countries – the threshold point at which the costs of GDP growth outweigh the benefits appears to be contracting (i.e. occurring at a much lower per-capita level of GDP). The main economic policy conclusion of this analysis is that wealthy nations should immediately initiate the transition to an economy that does not physically grow but qualitatively improves. In such a perspective, the per-capita GPI can still be increased without the need for GDP growth, allowing poorer nations to extend their threshold level of per-capita GDP.

The physical limits to economic growth, the social, cultural and environmental destruction generated by capitalist development and the consequent disconnection between growth and well-being are strong arguments to oppose the growth obsession in the governmentalisation of our contemporary societies. But if de-growth offers an interesting description of the serious drawbacks fueled by GDP growth, and played a decisive role in raising the issue of the socio-ecological dead-end of the contemporary civilisational paradigm, its literature suffers from major theoretical weaknesses. Without substantial analysis of social relations and institutional configurations at the roots of economic growth, its conceptual framework fails to provide a historicised account of growth processes. De-growth is thus not able to give a correct assessment of the centrality of growth, nor to help the setting up of an agenda to overcome it and push a paradigmatic shift that is much needed. Contrastingly, these major shortcomings of de-growth analysis point to the main objective of the regulation school perspective: a detailed account of historically shaped institutional configurations of growth regimes and their contradictions. Moreover, an essential normative positioning may appear compatible with the quest of many regulationists to find the 'best compromises' between conflicting social forces. Alas, several serious obstacles have prevented a regulationist critique of GDP growth.

A troublesome debate for the regulation school

Regulation theory (RT) is not well equipped to discuss the issues raised by de-growth proponents. The main reason for this is that RT is bound to analyse the institutional conditions of the possibility of growth (the mode of regulation) in spite of the inner contradictions of the process of capital accumulation (the growth regime). The regulationist school's basic assumption is 'that capitalism is not a self equilibrating process but requires intermediation from external structures' (Petit 1999: 238). Regulationists do not consider that capitalism is a stable system, but focus their research on 'rescheduling the crisis' (Harvey 1989: 196) through institutional fixes.

Regulationists' main influential analyses have thus been backward looking, giving an analytical account of the Fordist mode of development and its crisis (Aglietta 1979; Boyer and Mistral 1978; Basle et al. 1984), or more recently of the financial-led accumulation regime (Boyer 2009). While focusing on ways to surmount the contradictions of the accumulation process, the regulation school points to the irreducible political background of any growth path. In this view, the way out of a major crisis necessitates a great compromise between classes, which 'includes the acceptance of a pattern of development as the economic basis for what could be considered the best humankind may expect from economic activity' (Lipietz 1987: 70).

Consequently, part of the regulation research strategy has been dedicated to investigating the characteristics of post-Fordism, and to programmatic work on the outlines of such a compromise (in particular Coriat and Taddei 1993; Lipietz 1987: 82-87; Boyer 1993: 5-7 and 2006). This led to a normative shift which has been well described by Hoang-Ngoc and Tinel (2005).

The research agenda on post-Fordism has often been received cautiously (for example, Tickell and Peck 1995). However, it is characteristic of the regulationist position and in particular of its positioning vis-à-vis Marxism and, more specifically, vis-à-vis Gramsci. To paraphrase Jessop and Sum (2006: 354), Gramsci is probably the Marxist theorist who is the closest to the regulationist development — but he was clearly a Marxist. He was also clearly a revolutionary, as he insisted on the inner contradictions of capitalism and dedicated a large quantity of work to strategical issues. Contrastingly, the regulationist school has mostly retained its argument on capitalism's capacity to resolve crises through institutional innovation.

With its backward-looking posture on the medium historical term and its quest for a new institutional regulation of the accumulation regime, the regulation school suffers from two main limits which prevent it from endorsing the themes explored by de-growth proponents. First and foremost, it is beyond its scope to explore economic prospects beyond the accumulation process. Second, many Marxists have pointed out the negligence of its focus on the logic of capitalism itself – and not solely on the institutional mediations of diverse accumulation regimes.

According to Brenner and Glick (1991: 106), 'The general weakness of Regulation Theory, paradoxical though this may seem, is its failure to take adequately into account the broader system of capitalist social-property relations that forms the backdrop to their succession of institutionally defined phases' (Brenner and Glick 1991: 106). At the beginning, regulation theory took capitalists relations into account, but 'where the founding texts integrated institutional forms into the framework defined by capitalist invariants, the plasticity of modes of regulation now comes to be regarded as virtually boundless … The door was now open to an infinite combinatory' (Husson 2007: 184). In the same vein, Dumenil and Levy regret that 'Historical tendencies do not appear as key elements in the interpretation of the history of capitalism by the Regulation School' (1989: 17).

A too-narrow focus on the quest for institutionalised compromises may be considered to be the price regulation theory has paid for its greater emphasis on politics that can be considered as a positive extension of Gramsci's insights. However, the correlative focus on a state-centred analysis appears as serious collateral damage. The difficulties of regulation theory in coping with the dynamics of the world economy (Petit 1999; Fourquet 2004; Brenner and Glick 1991: 111) and the uneven development of capitalism at the world scale has been pointed out, and is an issue that has been further discussed in reaction to the variety of capitalism approach (Peck and Theodore 2007). Indeed, regulationists' weaknesses lie in their strengths: as they insist on the political background of any growth regime, their analyses are mainly focused at the nation-state level, making it difficult to assess dynamics related to the world economy and, consequently, many ecological challenges such as climate change, biodiversity and resources depletion, all of which have a global reach.

Summing up the posture of the regulation school on environmental issues, Lipietz (2002) underlined the lack of a comprehensive analysis of the ecological crisis and pointed out the segmented character of research that focuses on the quest for improvements on specific issues. More recent works conclude that the whole regulationist research strategy is at risk. In the face of contemporary ecological and social challenges, using the regulationist categories to examine Fordist and post-Fordist dynamics from the sustainability viewpoint appear thus disappointing, as 'the emergence of strong antagonism between these particular modes of development and sustainability issues leads one to ask more fundamentally, whether certain essential features of capitalism are not being questioned' (Rousseau and Zuindeau 2007: 1).

Questioning capitalism's dynamics

Confronting the regulationist perspective and de-growth approaches, we can identify some very distinctive although somewhat symmetrical shortcomings. On the one hand, the lack of attention dedicated to de-growth theses by regulationists is the very consequence of their attention to the institutional conditions of capital accumulation in the medium term. Rightly, they consider that the end of growth is synonymous with the end of capitalism – because the endless accumulation of capital is the fundamental raison d'être of this system – and that such a prospect is beyond the scope of their analytical tools. On the other hand, we will see that de-growth proponents deny that capitalism is compelled to pursue growth, or that they substitute the criticism of growth in general to the discussion of the contradictions of capitalism. We suggest that taking seriously the issues raised by de-growth proponents necessitates an examination of the set of capitalist social-property relations within which they take place, and the corresponding dynamics. Interestingly, in order to do that we can rely on some of the intuitions and propositions of classical economists concerning the inner and external contradictions of capitalism, and link them to more recent research.

Capitalism without growth?

The possibility of managing a transition beyond growth while maintaining capitalist relations is considered in contrasting ways by de-growth proponents, some insisting on an exit strategy from capitalist social relations through relocalisation, and others insisting on the possibility of a reduction of the material throughput while preserving the allocative efficiency of markets.

From the anti-development position, Latouche agrees that growth is consubstantial to capitalism. In his view, the goal of the watchword 'de-growth' is thus to make clear the complete rejection of the 'meaningless objective of growth for growth, a goal whose motor is the unbridled pursuit of profit by the holders of capital' (2005: 17). However, positing that the criticism of capitalism has already been made by Marx, he all but ignores capitalist social relations, and does not manage to build any socioeconomic conceptual framework beyond a general denunciation of economic growth (for a discussion, see Harribey 2008). Moreover, the political strategy he proposes is not a confrontation with capitalist structures and vested interests, but an exit strategy from the economy which 'means to undermine – in theory and in practice, but above all in our minds, the domination of the economy over the rest of life' (Latouche 2002: 87). Such a restructuring of subjectivities must lead to the introduction of new ethics and new concepts of life in society with the reconstruction of local society. Relocalisation of production and democracy is thus opposed to the trans-boundary dynamism of global capitalism: the resilience of local communities to the violence of the socio-political power of capital and the state is considered to be the sole pathway toward an alternative socioeconomic system. (For discussion and a case study, see Nakano 2011.) The main problem with this position is that it is so general that it does not account for the historicity of capitalism and related socio-political dynamics. In particular, the socioeconomic conditions of the possibility of autonomous local experiments, and the interaction between such dissident local practices and dominant capitalist social relations, are not systematically discussed: there are no elements with which to assess the possibilities of the generalisation of such a new system of beliefs and practices. This is highly problematic given that the scale and scope of the penetration of capital's relations within human society and nature have never been so extensive and, consequently, the social interdependencies mediated through commodities and wage-labour relations have never been so strong. The limits of Latouche's local reductionism have been taken into account well by some of the de-growth proponents involved in politics such as Paul Ariès (2007) and Vincent Cheynet (2008), but not from a theoretical point of view.

The attitude of the ecological economists towards capitalism contrasts sharply with that of Latouche. Herman Daly's (1974; 1991) work, but also that of researchers such as Tim Jackson (2009) and Peter Victor (2008), maintains that 'growth isn't possible' (Simms et al. 2010), but suggests that capitalism without growth is an option. Daly in particular insists that the market 'is wonderful for allocation'. Consequently, the role of the state should be to impose quantitative limits on aggregate throughput within which the market can safely function (Daly 1991: 88-89). This conception simply ignores the fact 'that growth is an iron law of capitalist development, that capitalism cannot exist without constant revolutionizing of productive forces, without constantly expanding markets, without ever-growing consumption of resources' (Smith 2010: 29). Indeed, competition pressure implies that, in order to survive, individual capitals embedded in production need to reinvest their profits in order to build competitive advantages based, for example, on product and process innovation, economies of scale or access to new sources of raw materials. In other words, under capitalism competition is impossible to disassociate from the development of forces of production.

To sum up, the political economy of steady state ecological economists suffers from a major flaw since it fails to account for the fact that capitalism is compelled to pursue growth. This is not the case for anti-development thinkers such as Latouche. However, their critique is so general that they fail to focus the discussion on the very specific processes of capitalist development.

Tendencies toward stagnation and predatory accumulation

Some classical pessimistic appraisals of the long-term prospects of growth may help to close the gap between, on the one hand, the critique of growth and, on the other hand, the current crisis and the sluggish prospects for capitalist growth, mainly in developed economies. The focus on developed economies is not negligent of the huge process of catching-up pursued by great emerging economies in the developing world. It is driven by the idea that the inner limits to growth encountered by front-runner economies are bound to appear even more rapidly in countries that lag behind even as they catch up.

Physical constraints, cultural domination and a divorce between GDP growth and well being constitute strong cases against the desirability of growth, but, as such, they do not explain the gloomy prospects for growth, nor help labour and social movements to cope with this situation. Contrastingly, classical insights about the stationary state, although almost neglected by contemporary economics, are echoed in the evolutions of global capitalism (Balakrishnan 2009). In particular, the dynamism of developed economies has lost momentum since the 'Golden Age' (Marglin and Schor 1990) of the post-Second World War decades, with production growth rates, investment rates and capital accumulation declining since the early 1980s (WDI-World Bank and WEO-IMF).

This is not the place to analyse the structural causes of this great fatigue of capitalism (for a more systematic discussion and a review, see Durand and Légé, 2011 and forthcoming), but we can point to three kinds of issues: the link between competition and over-accumulation; the weight of so-called unproductive activities; and finally, the pressure of rising costs on accumulation, which could to some extent be linked to the Ricardian rent mechanism.

James Crotty (2002) and Robert Brenner (2006) have both, although with important nuances and some serious controversies (for criticism of Brenner's thesis, see in particular Duménil, Glick and Lévy 2001; Fine, Lapavistas and Milonakis 2001; Zacharias 2002), insisted on the slowdown of accumulation and growth, pointing out the rise of overcapacity at the global scale with the catching up of newly industrialised countries, and the prevalence of increasing returns and sunk costs in key manufacturing industries. Interestingly, Petit also stresses that 'the slow growth regime of the eighties and nineties seems to be geared to the dynamic of institutions centered around the changes in the forms of competition' (1999: 18). Although he points to a distinctive feature of post-Fordism rather than a general tendency of capitalism, his work converges with earlier regulationist works which have shown the destabilising effects of more tense international competition on the national dynamics of accumulation (Mazier et al. 1984). We may find here some faint resonance with Adam Smith's 'profound pessimism' (Heilbroner 1973: 243; Meek 1977: 13) about the destructive effect of competition, and with Marxian analysis of the law of over-accumulation (Marx 1894: 166).

A second strand or argument is related to the classical discussion of the rise of unproductive activities. First, we observe that in spite of neoliberal policies, there is a resilience of Wagner's Law (1912), which predicts that the development of an industrial economy will be accompanied by an increased share of public expenditure (Lamartina and Zaghini 2008). According to Wolfgang Streeck (2011), this could be interpreted as one of the manifestations of the endemic distributional conflict between capitalist markets and democratic politics. In any case, it means that a growing share of economic activity does not produce surplus value. Second, the boom in consumerism may have fostered unproductive consumption patterns, which do not contribute to the reproduction of labour power or, even, impact negatively on its reproduction: consider, for example, the rise in consumption of unhealthy food products. The rise in inequalities has also been accompanied by a boom in conspicuous consumption, which has spread throughout all of society based on imitative behaviour, mirroring the predatory motive of emulation highlighted by Thorstein Veblen in his 1899 *Theory of the Leisure Class*. Third, the growth rate of the economy to a larger and larger extent is being set by the growth rate of productivity of the so-called 'technology stagnant' (Baumol, Blackman and Wolff 1989) service activities.

Last but not least, the rise of ecological and social costs should hinder accumulation according to what James O'Connor (1988) called the second contradiction of capitalism – a contradiction between capitalist relations (and productive forces) and the conditions of capitalist production. O'Connor draws on Polanyian analysis of how capitalist growth generally impairs its own social and environmental conditions as it incorporates in its circuits of valorisation the land, labour and money that are fictitious commodities. He also relies on some insights from Marx's *Capital*, for example when Marx writes that capitalist agricultural production develops 'only by sapping the original sources of all wealth – the soil and the labourer' (Marx 1867: 326). According to O'Connor, without state intervention or monopolistic capitalist planning, capital is not able to prevent itself from impairing these conditions because of 'its universalizing tendencies which tend to negate principles of site specificity' (1988: 22) under the life-or-death threat of competitive pressure on individual capitals. The destruction or deterioration of these conditions affect capital accumulation because of multiple channels of rising costs, for example health costs related to the widespread use of pesticide or stress in the workplace, rehabilitation costs for polluted areas, security expenses resulting from a toxic social environment (for a discussion, see Altvater 2001: 14-17). Moreover, price mechanisms implemented to mitigate these destructive effects often perform badly, for example in the case of wetlands in the USA (Kihslinger 2008).

Two examples, oil and financialisation, may help to specify historically the shortsightedness of capital and the inability of market mechanisms to incorporate the costs of the reproduction of production conditions in time. Fossil energy has allowed the rapid expansion of industrial capitalism because of the flexibility of its use in space and time, which contrasts strongly with previous agrarian economies based on unflexible solar energy (Altvater 2007). Timothy Mitchell (2009) shows that after the Second World War, declining oil prices, oil's relative abundance and the fact that the negative consequences of using fossil fuels were not deducted from the measurement of GNP, 'contributed to the shaping of the economy and its growth as the new object of mid-twentieth-century politics' (p. 418). However, contemporary economies appear to be highly vulnerable to oil shocks, whether they are linked to political events, financial speculation or the underlying tendencies toward depletion revealed by rising costs of exploitation. Indeed, ten of the eleven postwar US recessions had been preceded by a sharp increase in the price of crude petroleum, and various studies account for the role of the surge in oil prices amongst the factors explaining the beginning of the 2008 financial crisis and the strength of the 2009 recession (Hamilton 2010; Cartensen et al. 2011).

Financialisation, which can be interpreted as a hyper-commodification of money – another kind of Polanyi's fictitious commodities – also contributes to the deterioration of production conditions through rising costs. James Crotty explains that 'after 1980, accelerated deregulation accompanied by rapid financial innovation stimulated powerful financial booms that always ended in crises. Governments responded with bailouts that allowed new expansions to begin. These in turn ended in crises, which triggered new bailouts' (2009: 564). As a result of this degradation of money, a painful and costly process of deleveraging of debt and credit lies at the core of the ongoing great contraction (Reinhart and Rogoff 2009).

These two examples stress the failure to incorporate the real costs of fictitious commodities in circuits of capital, which lead to accelerated phases of rising costs threatening accumulation. The negative consequences for growth can be related to the Ricardian rent argument on the negative impact of decreasing returns in agriculture (Ricardo 1828: 208). Concerning the second contradiction of capitalism, the issue could be thus formulated as follows: could capital afford to pay for the rising costs of its production conditions – i.e. a reduction in the global material throughput of economic activity, the perpetuation of labour power, the restoration of the quality of money – while perpetuating its dynamics of accumulation? This question pertains to the contemporary fear of the 'Japanisation' of the Western world as a whole.[4] The response is not given, but will depend on possible technical counter-tendencies and on the fate of social, ideological and political struggles. Indeed, beyond its own productive dynamics, capital is able to pursue, for a time, accumulation through predatory processes.

The physical limits to economic growth, the social, cultural and environmental destruction generated by capitalist development, and the consequent disconnection between growth and well-being are elements that question the desirability of further economic growth. At the same time, in a world entrenched in a gloomy economic conjuncture and the worst crisis since the 1930s, the very possibility of further economic growth in the short and medium term is at stake. However both the desirability and the possibility of growth are intimately linked, since in the face of mounting difficulties, the process of capital accumulation tends to increase its predatory character. Indeed, facing over-accumulation problems on the one hand and rising costs on the other hand, capital tends to rely extensively on extra-economic means to expand. When crisis tendencies materialise, accumulation by dispossession is set to play a key role, as it 'release[s] a set of assets (including labour power) at very low (and in some instances zero) cost. Over-accumulated capital can seize hold of such assets and immediately turn them to profitable use' (Harvey 2003: 149). Such mechanisms of primitive accumulation are thus an ongoing feature of capitalism (Glassman 2006), and help to clarify how the mounting difficulties of the process of capital accumulation lead to a more regressive form of growth. In the recent period, such mechanisms have been implemented through a programmatic deep neoliberalisation. A cumulative process is thus underway in which marketisation and commodification lead to mounting problems of rising costs, which are in turn temporarily fixed by the further release of assets by dispossession.

Conclusion

Ecological degradation, tremendous inequalities, the alienation of cultural diversity and the imperialism of economicist thinking constitute strong arguments against the growth obsession that governs contemporary societies. This is all the more relevant given that growing attention to new wealth indicators establishes a marked divergence between growth dynamics and well-being. However, the case made by de-growth proponents suffers from an insufficient consideration of how human–nature as well as inter-human economic relationships are mediated by social relations which need to be analysed in themselves. In spite of the highly positive contribution of some of this literature to critiques of the contemporary dead-end civilisational path, much needs to be done in order to build a sound analytical assessment of its fruitful insights and to contribute to the emergence of a socioeconomic paradigm that could be pushed forward by social movements and leftist political organisations.

From our point of view, two main directions might be suggested. First, it is crucial to insist that growth is not just a matter of belief, but a non-optional feature of capitalist social-property relations. Consequently, the critique and deconstruction of growth need to be discussed as part of the dynamics of capitalism itself. Second, the neo-Gramscian regulationist interest in politically grounded medium-term institutional compromises could be conditionally mobilised in order to draw some potential trajectories beyond growth.

The regulationist agenda, which focuses on the very possibility of growth thanks to the stabilisation of medium-term institutional arrangements, and on the quest for the most progressive political compromise able to foster accumulation further, seems to suffer from three main shortcomings. First, this research agenda does not depart from the 'growth obsession' but on the contrary, appears to share this general presupposition of modern economics. Second, regulation theory has been too narrowly focused on the national scale, when issues raised by de-growth proponents are widely concerned by local and global dynamics; and third, a lack of attention to the underlying forces of capitalist dynamics that lies behind institutional forms prevents the regulationist framework from seriously taking into account tendencies toward the stagnation – or predation – of capitalist dynamics, which are for the moment more evident in developed economies.

This last issue, however, has been a major concern for classical political economy, and several of the mechanisms identified – the destructive effects of competition, the weight of unproductive activities, rising costs – can be mobilised to discuss contemporary tendencies towards stagnation. From a Marxist perspective, they offer a way to explore the question set aside by regulationists, but which has gained momentum as a result of the current great crisis: why doesn't it work?

A crucial element, however, is that for both Marxist political economy and the regulationist approach, social, political and ideological struggles will play a decisive role in shaping the institutional matrix which is to foster accumulation of capital even further, or to begin a civilisational shift beyond economic growth. From this point of view, the Gramscian–regulationist inheritance of paying accurate attention to the articulation between institutional forms in shaping macroeconomic dynamics is very important, because it may help to draw the diversity of the potential transition path beyond growth. It is necessary to take into account the mounting difficulties resulting from the intensification of O'Connor's second contradiction between capital accumulation and the provision of general production conditions. In this perspective, the regulationist research agenda may be refueled in a more pessimistic manner about the diversity of institutional configuration able to support more dispossessive accumulation regimes.

Notes

1. De-growth currents are particularly active in France, with several reviews (*Entropia, La Décroissance, Silence*) and significant influence among grassroots ecological movements against GMO and shale gas exploitation. In Latin countries, they can be found among Slow Cities and Slow Food networks. In the Anglo-Saxon world, the Transition Towns movement but also Friends of the Earth endorsed de-growth theses, which are also popularised by think-tanks such as the New Economic Foundation. The theme is mainly linked to leftist political currents. It has also been reclaimed by some far-right activists, but there is no organic link between no-growth intellectual advocates and these currents.
2. Comprised of around twenty individual benefit and cost items, the Genuine Progress Indicator integrates the wide-ranging impacts of GDP growth into a single monetary-based index. For a detailed presentation, see Lawn and Clarke 2006.
3. It seems important to bear in mind the role of the general rise of inequalities over the past decades (Atkinson et al. 2011) in the divorce between GDP and well being, as measured by the 'genuine progress indicator' (GPI). Indeed, income distribution is one of the components of the GPI, and consequently has a direct effect on the evolution of this indicator. More indirectly, inequalities have multidimensional impacts on well being: health, education, crime and also energy consumption are affected by income distribution. Less unequal paths of growth could thus have led to a less clear shift from economic to uneconomic growth as measured by the GPI.
4. See for example, Milne R (2011) West shows worrying signs of 'Japanisation', *Financial Times*, 19 August.

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