

GROWTH REGIMES: From past to present..... ...what about the future?

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*Research conference “Pushing the Growth Models
Agenda Forward”*

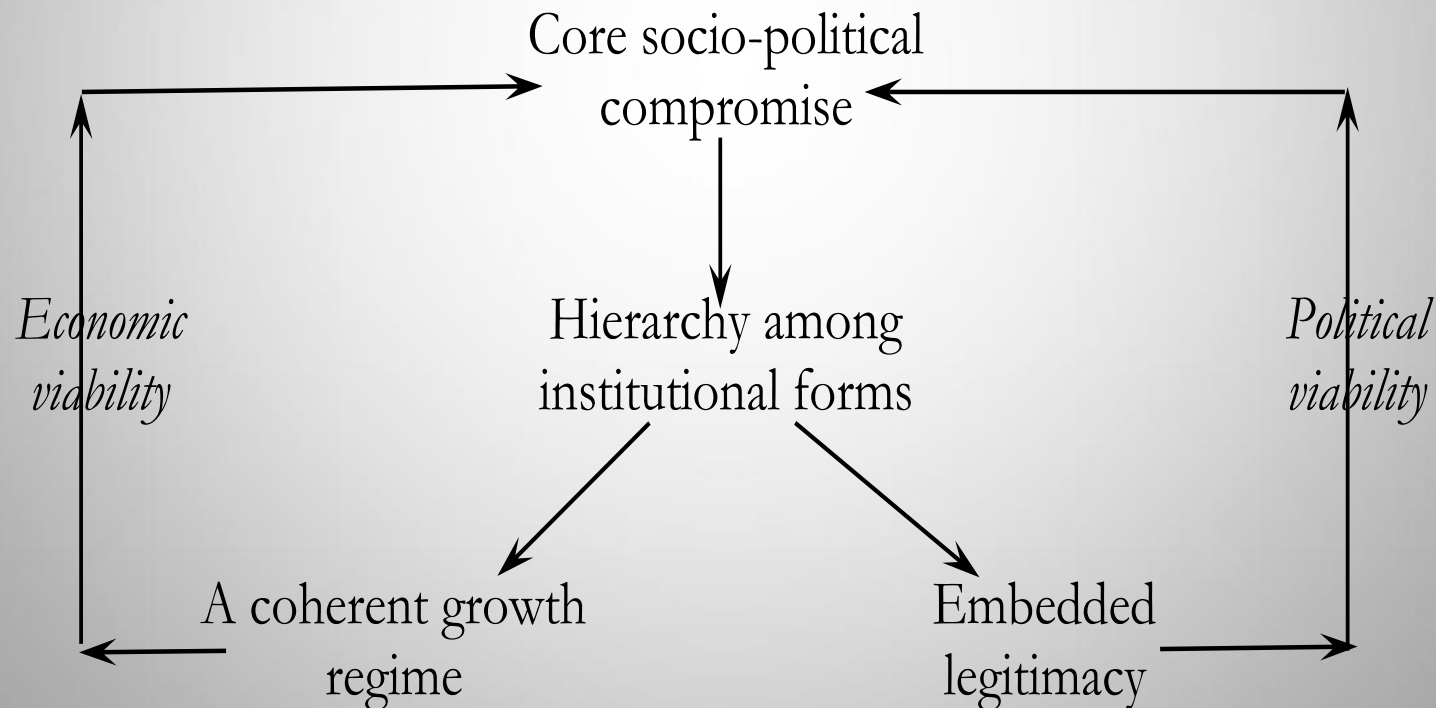
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INTRODUCTION

1. A survey of **four decades** researches on Growth models
.....and an exploration of possible **Agenda**
.... in order to analyse **contemporary transformations** of national economies and their growing interdependence.
2. Seven major findings and proposals

I – GROWTH REGIMES: MIXING POLITY, INSTITUTIONS AND ECONOMIC DYNAMICS

Figure 1 – The notion of growth regime

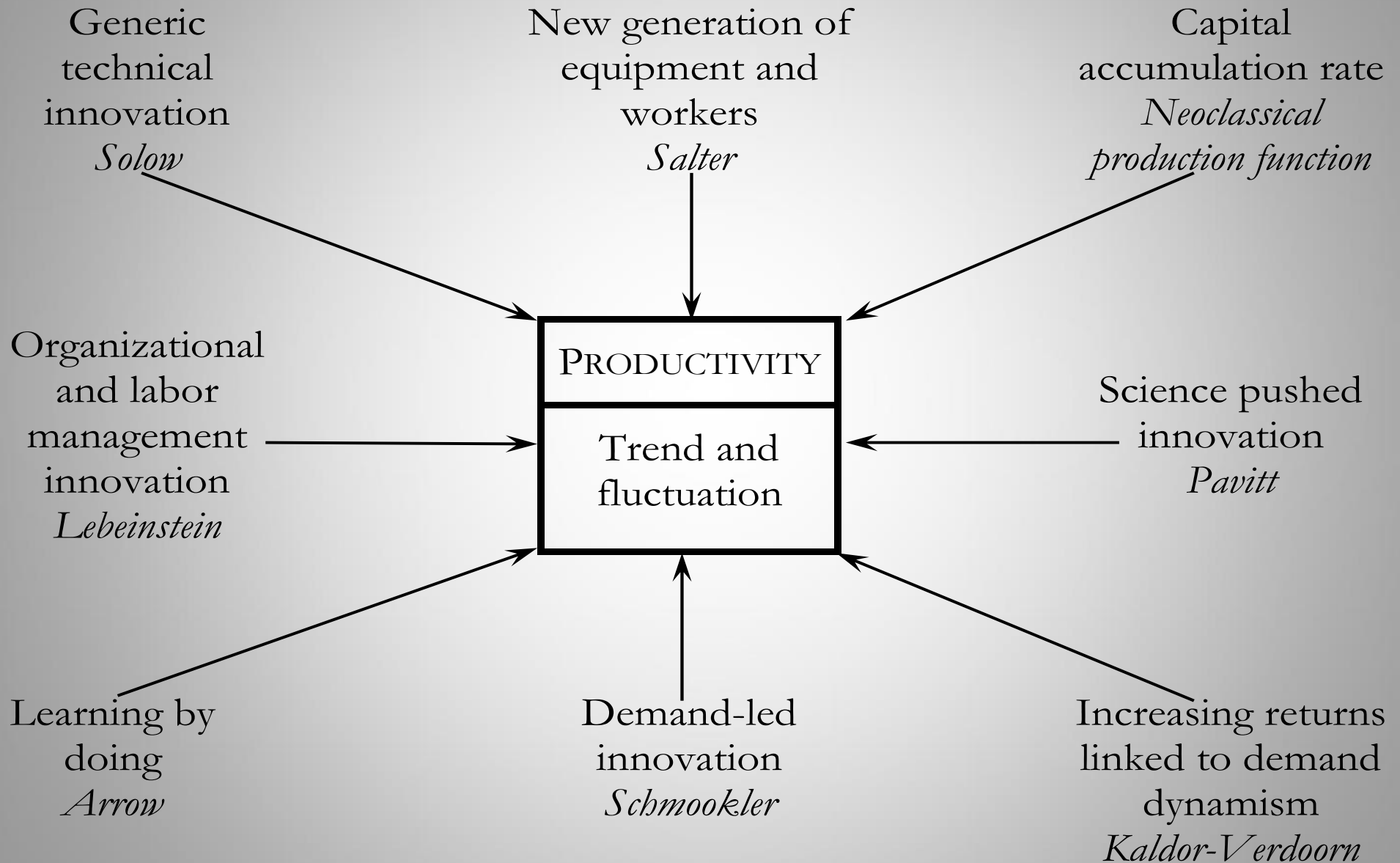


II – PRODUCTIVITY REGIMES:

More than pure technology

- A *variety of mechanisms* proposed by the theoretical literature on production and technical change
- They are *activated or inhibited* by the incentives and constraints implied by the institutional architecture
- Not a matter of theoretical preference but of *empirical and statistical analysis*.

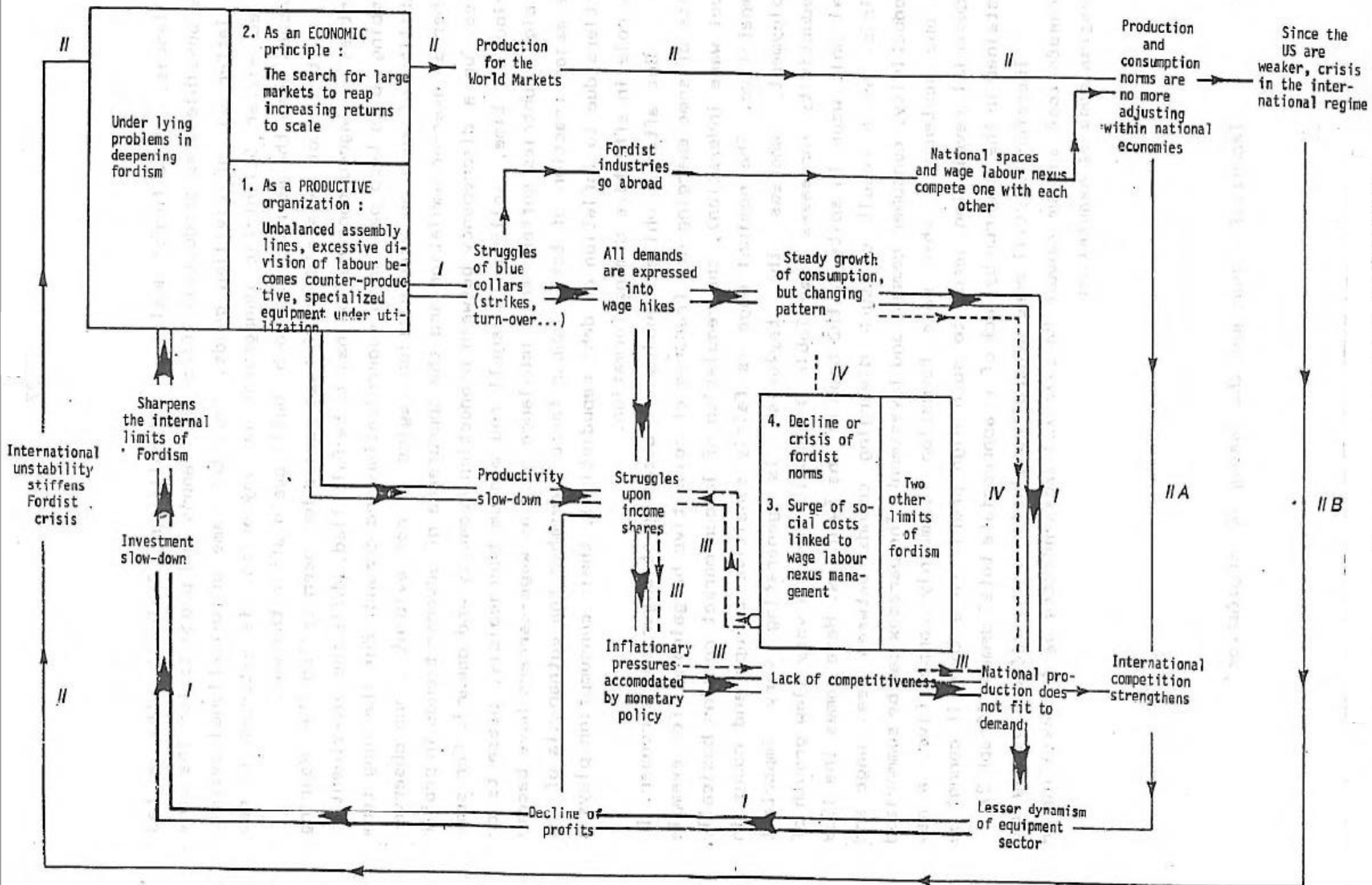
Figure 2 – A synthetic approach to productivity regimes



III – NO GROWTH REGIME CAN LAST FOR EVER

- *The **illusion of long run steady growth path**: a contradiction with capitalist accumulation and the built in incentives to innovate*
- *The succession of cycles unfold **a progressive shift** in the balance of institutional forms...*
- *....That ends up into a **structural crisis** and open a new epoch*
- *An example of **endo-metabolism**: the demise of fordist growth regime.*

Figure 3 – The endogenous destabilization of the fordist growth regime



IV – THE MULTIPLICITY OF CONTEMPORARY GROWTH REGIMES

- *Export led regime*, in the past typical of small open economies, becomes one of the leading regimes.
- *Finance led regime*: the opportunism of financial capital triggers speculative bubbles that transitorily sustain growth against stagnation trend.
- *Natural resources based rentier regimes* and the march towards ecologically constrained growth.

Figure 4 – The opening to world trade and the shift towards profit led regimes
 D_w is the derivative of total demand with respect to an exogenous real wage increase

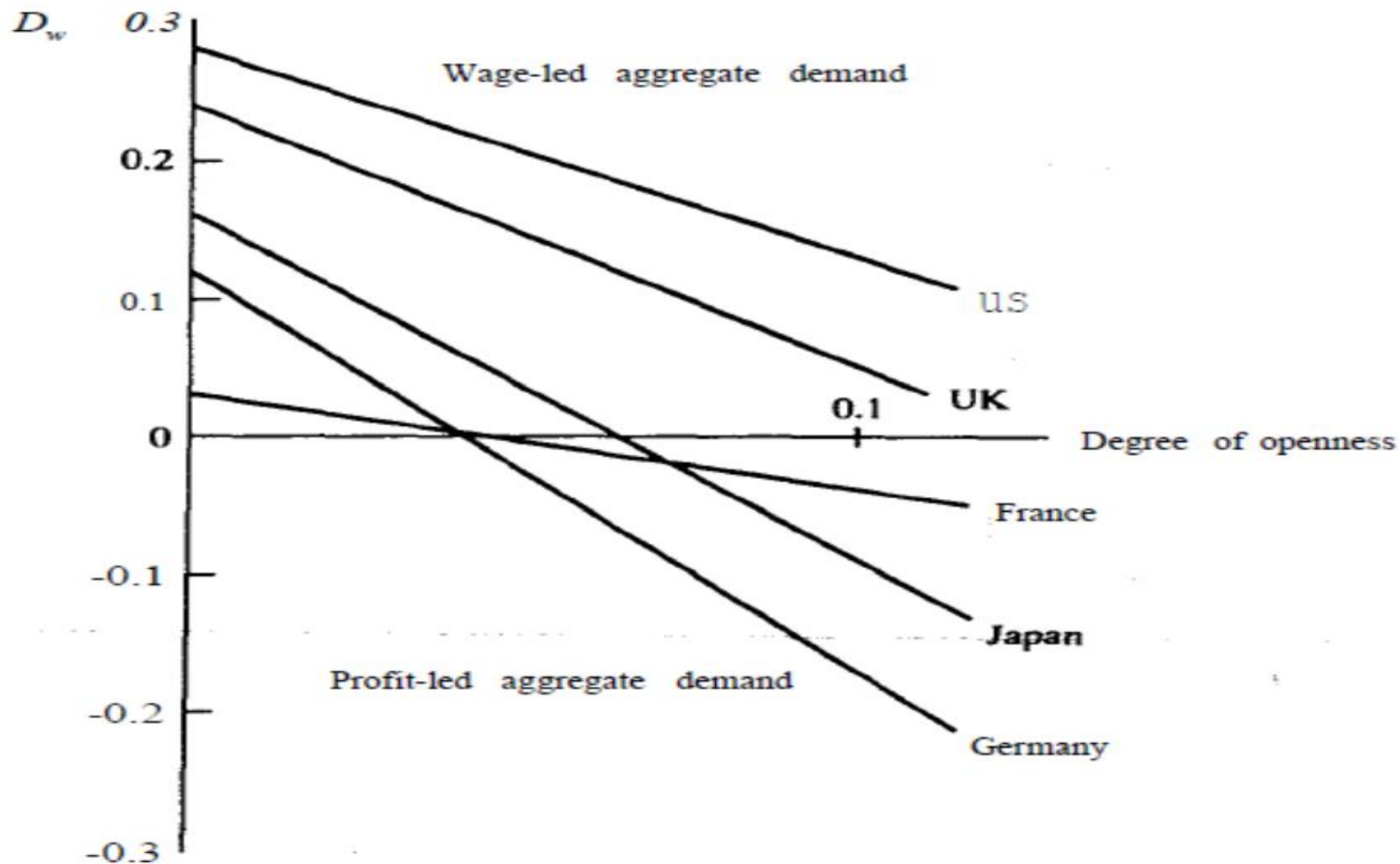
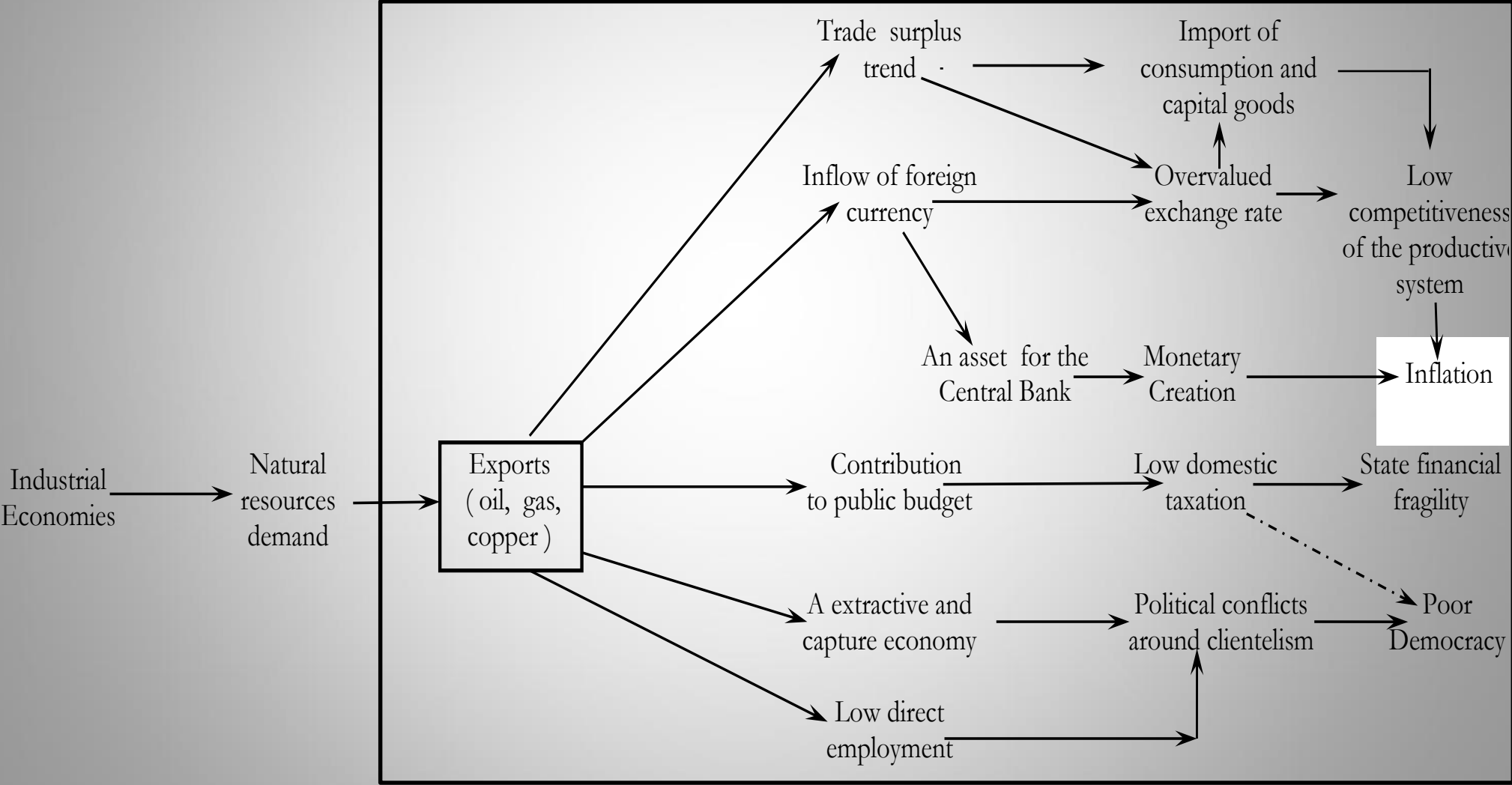


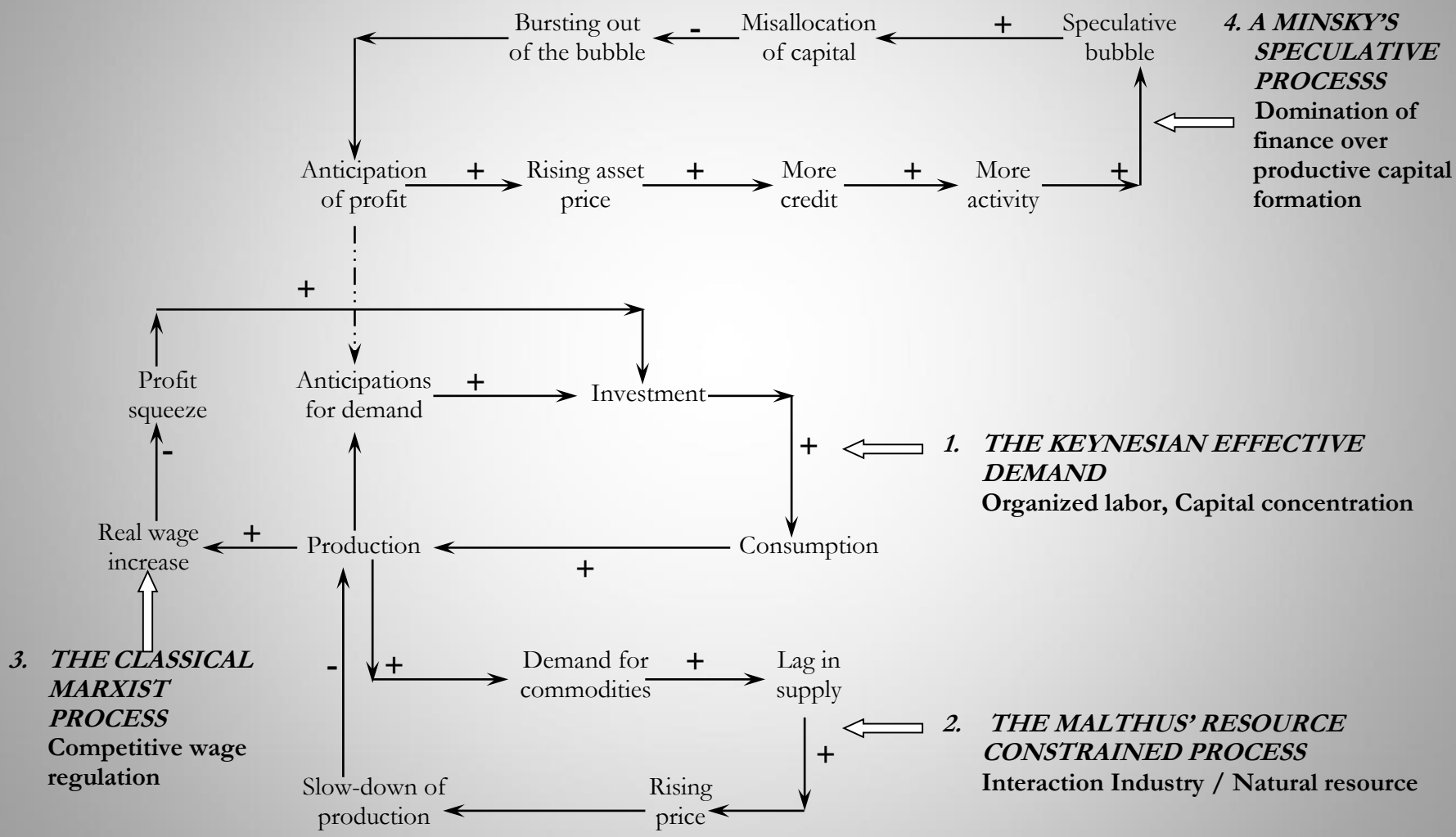
Figure 6 –Rentier regimes display highly idiosyncratic institutional forms: specific growth regimes



V – A CHALLENGE ADDRESSED TO MACRO-ECONOMIC MODELING

- *Each theory is focusing upon a **limited and partial set of mechanisms**.*
- *Generally, these **mechanisms** are not exclusive thus they **can be combined**, even if the related theories are conflicting.*
- *Each institutional architecture favors some **mechanisms** and exclude others.*

Figure 7 – The interaction of processes belonging to different logics: why leading theories fail to capture contemporary macro-economic evolutions



**VI – THE VIABILITY OF ANY
GROWTH REGIME REQUIRES....**

**...NOT ONLY INTERNAL
COHERENCE...**

**...BUT ALSO
COMPLEMENTARITY/
COMPATIBILITY WITH OTHERS
IN A GLOBALIZED WORLD**

Figure 8 – Some key configuration

A – External competition led regimes

Northern Europe

Price-maker /
trade surplus
economy

Southern Europe

Trade deficit
price takers
economy

B – Financially dominant / dominated

US/UK

World financial
intermediations
center

Southern Europe

External finance
dependent
economy

C – Manufacturing / Rentier

China

Manufacturing
led economy

Russia

National
resources Rentier
economies

D – A triadic dependency

US

World financial
intermediation
center

Consumer goods

Manufacturing
led economy

China

Saving

Saudi Arabia

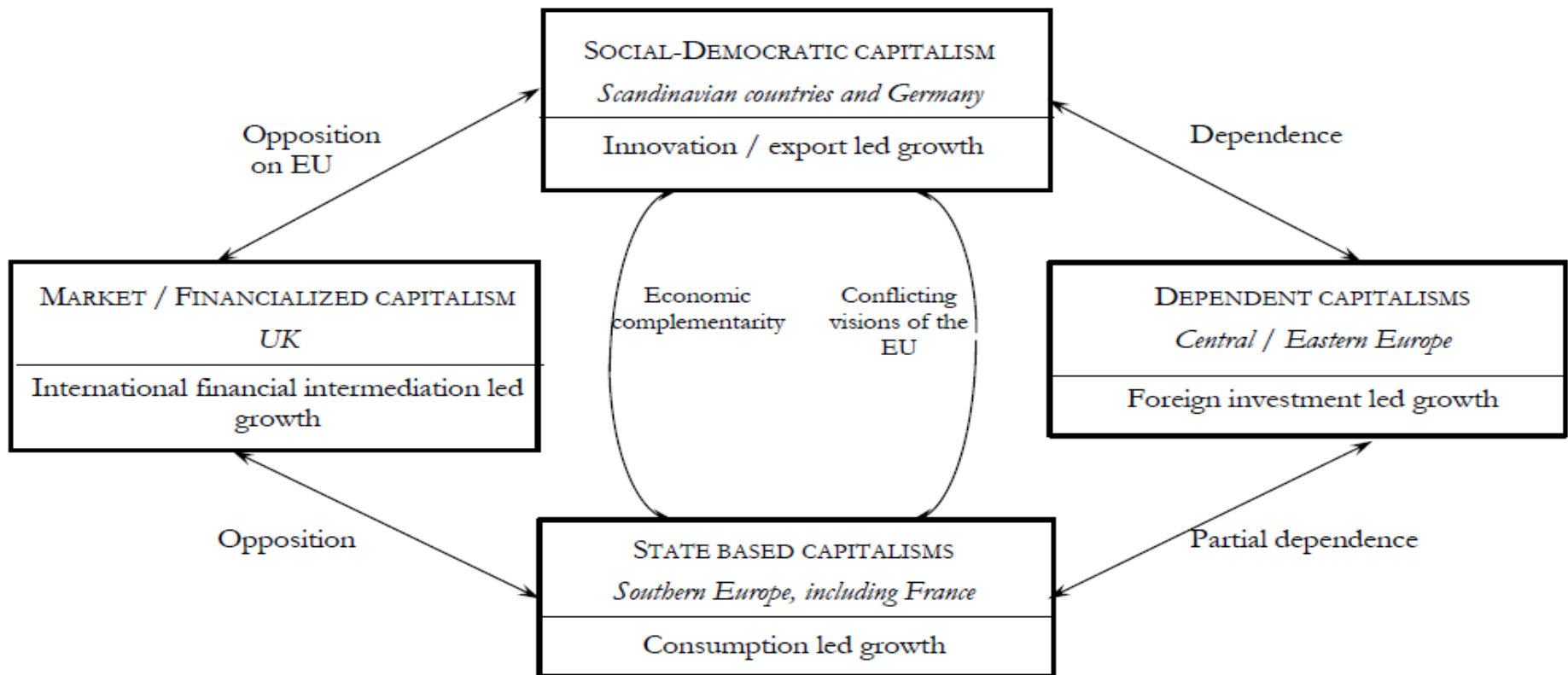
Natural resources
Rentier Economies

Russia

Natural resources

VI – THE HETEROGENEITY OF GROWTH REGIMES : THE ORIGIN OF THE EUROZONE CRISIS...

Figure 9 – The European Union: Coexistence and tensions between four growth regimes and brands of capitalism

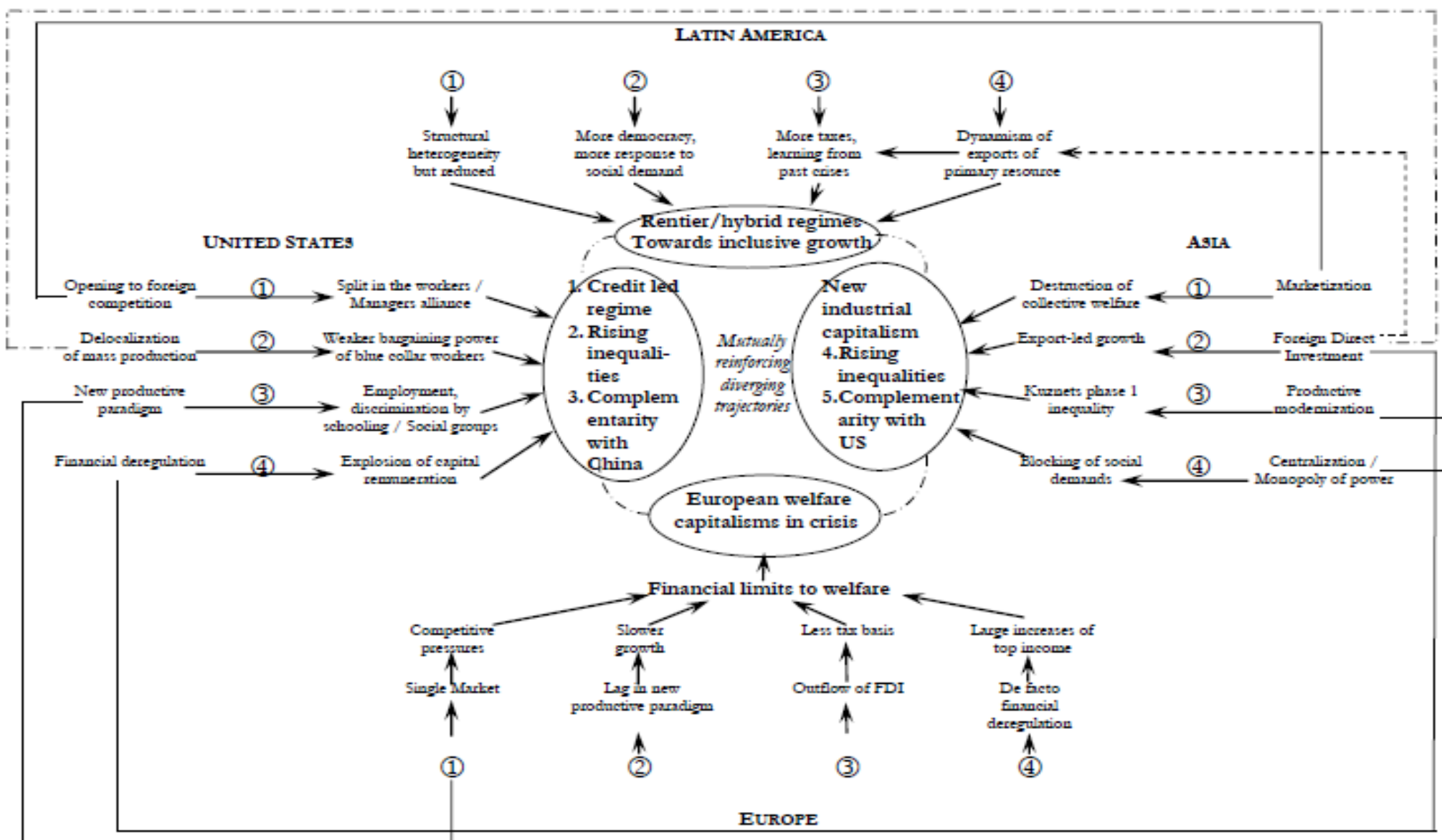


VII – MORE THAN CONVERGENCE

THE INTERDEPENDENCE OF CONTRASTED SOCIOECONOMIC REGIMES

- *The **finance led capitalism** in the US is largely complementary with....*
- *The **competition led capitalism** of China, since these two brands of capitalism basically co-evolve.*
- *The European Union is exploring a **welfare capitalism**, unequally implemented in the North and the South.*
- ***Resources based rentier regimes** prosper when the three others thrive.*

Figure 10 – An interdependent world, complementarity development modes and growth regimes



CONCLUSION.

C1 – The historical transformations of growth regimes call for **new theorizing**.

C2 – We should try to assess the balance between the **resilience and the sources of crises** of the present growth regimes.

C3—How do inertia and radical changes in the **international relations impact upon national regimes?**

“As soon as economists think they have understood a growth regime, this regime is in crisis.” Joan Robinson

Table 1 – A comparison of various growth regimes

COMPONENTS	CORE SOCIO-POLITICAL COMPROMISE	HIERARCHY AMONG INSTITUTIONAL FORMS	COHERENCE OF THE GROWTH REGIME	SOURCE OF LEGITIMACY
GROWTH REGIMES				
FORDIST	Productive modernization against institutionalization of wage increases	The wage-labor nexus	Complementarity between a productivity and a demand regime	General progression of workers' standards of living
EXPORT / INNOVATION-LED	Structural competitiveness for firms against welfare for citizens	Integration into the world economy	Synchronization between innovation and production system and wage labor nexus	Redistribution to citizens of the benefits of internationalization
FINANCE-LED	High managers and financiers alliance with approval of pension funds holders	The monetary and financial system	Wealth and credit-led consumption and shareholder value	Access to credit as a substitute for real wage increases and welfare
NATURAL RESOURCES BASED RENTIER	Centralization of the rent by a clientelist states	Extraction of the rent domination over production	Structurally unbalanced via world markets dependency	Redistribution of the rent

**Thanks for your attention
and patience**

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