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

Kota Kitagawa (Kansai University, Osaka, Japan)
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1. Introduction


- 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.**”
Levels of action

**Society**
- **Public action** (sovereign body + other groups)

**Group**
- **Collective action** (after a group decision)

**Unorganized**
- **Private action** (novel transactions before intense conflict arises and a group intervenes to resolve it)

**Custom; ethical ideal type**

**Law**
- Require change; become the foundation

**Rule**

**Customary (ethical and economic)** assumptions of citizens

**Willingness in the social level** = **Reasonable value**

**Willingness**
- Diffusion; Social progress

**Institutionalized mind**

- Source: Author
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.
Money (economic institutions) → Institutionalize economic and legal relationship → Legal foundations (reciprocal legal relationship) → "Politics" (e.g., lobbying) → Ethical force → Coordination of conflict among plural willingnesses → Overwhelm: utilize acceptable range → Ethical force → Institutionalize economic and ethical relationship → Economic force → Institutionalize legal and ethical relationship → Law (e.g., property right) → Provide meaning → Social philosophy (discourse and symbol system)

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.
Analysis of historical dynamism of institutional forms (e.g., the classic work of M. Aglietta)

Present data (state) analysis of RT
  - Analysis of disfunction of a socioeconomic regime
  - Analysis of varieties of capitalisms

J.R. Commons, Commonsian Régulationist, Investigators
Suggest a future that “ought to be” for a group or society, inferred from the common good investigators identify by observing collective action.

Collective action in present point

Contribute to a group or a society to create a consistency between renewed past and renewed future.
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.